

### INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

**Dundigal, Hyderabad – 500 DEPARTMENT OF MECHANICAL ENGINEERING** 

#### PRESENTATION ON

#### INTELLECTUAL PROPERTY RIGHTS

**B.TECH III-II** (R-15)

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# Introduction to IPR AGENCIES AND TRETIES

Unit 1

### Structure of the Presentation

- An Overview -The IP Laws of India & its TRIPS Compliance
- The IP Offices in India
- Nodal Agencies & Facilitation agencies
- The Road Ahead

# An Overview -The IP Laws of India & its TRIPS Compliance

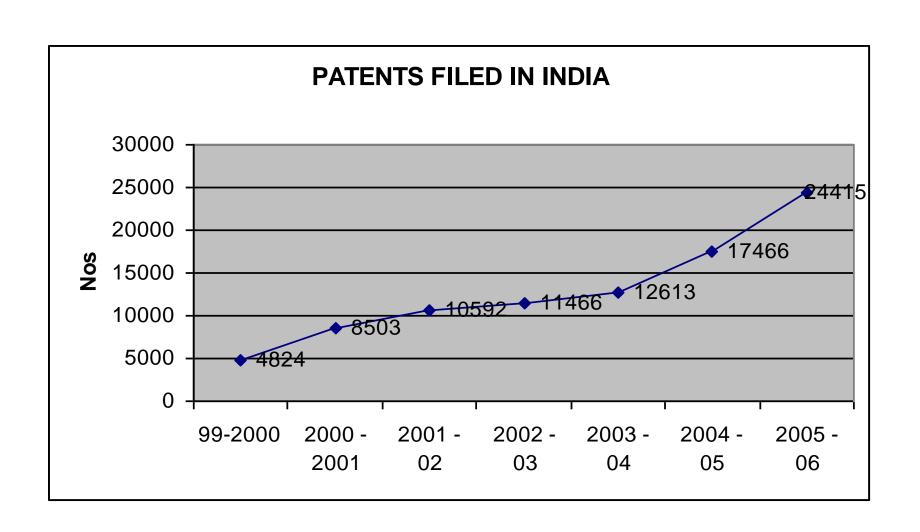
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### An Overview

- India is a signatory of TRIPs in the Uruguay Round agreement of 1995. It is now bound to amend her existing laws in order to make it to make it TRIPs-compliant.
- The government has initiated action to bring in the requisite changes. In the last few years, India has enacted fully TRIPs-compliant Trademarks Act, Copyright Act, Designs Registration Act, Geographical Indications Act and Protection of Layouts for Integrated Circuits Act. A novel Plant Varieties Protection and Farmers Rights Act 2001 and the Bio-diversity Act 2002 are also in Place.

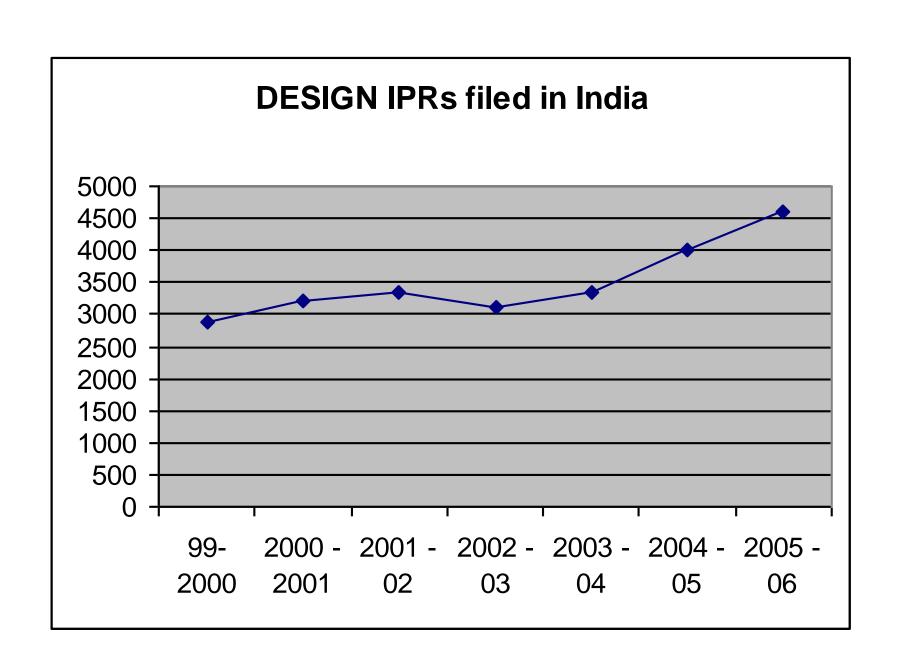
### **PATENTS**

- As on date, India is fully in compliance with its international obligations under the TRIPs Agreement.
- The Patents Act 1970 has undergone three amendments – 1999, 2002 & 2005.
- The III Amendment in 2005 has major implications on the following:
  - Introduction of product patent protection for food, pharmaceutical and chemical inventions.
  - Examination The "mail box" applications, from January 01, 2005



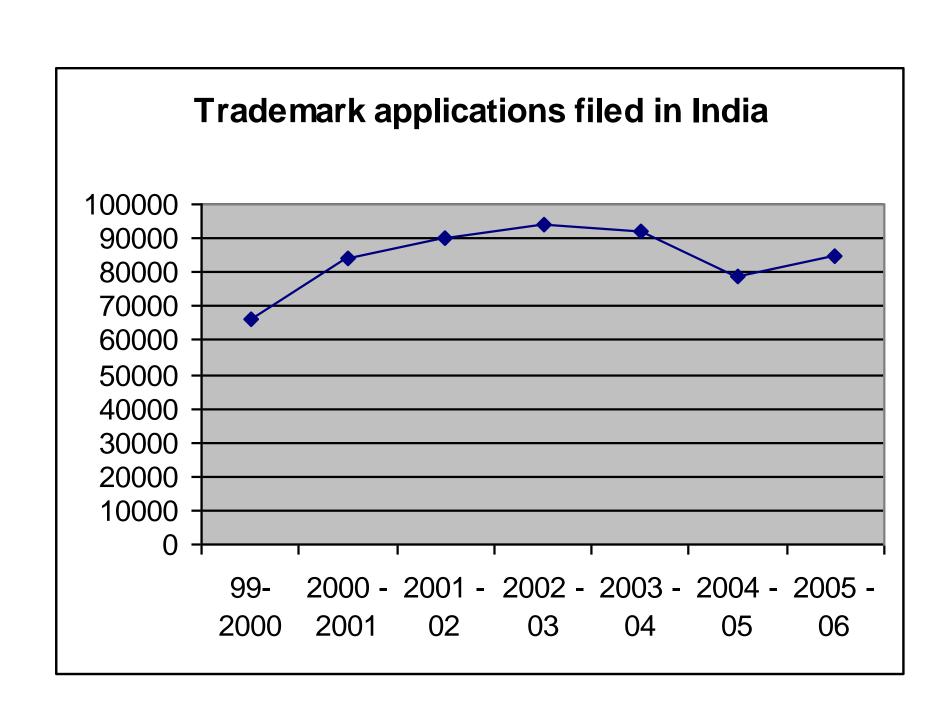
### **DESIGNS**

 The existing legislation on industrial designs in India is contained in the New Designs Act, 2000 India had achieved a mature status in the field of industrial designs and in view of globalization of the economy. The present legislation is aligned in view of the changed technical and commercial scenario and made to conform to international trends in design administration.



### TRADEMARKS

- India affords full protection to trade marks under the Trade Marks and Merchandise Act. The Indian law of trademarks is protected by the Trade & Merchandise Marks Act, 1958. A new statute i.e. the Trade Mark Act, 1999 has been enacted in India to bring it in conformity with the TRIPs Agreement, to which India is a signatory. Indian Trademarks Act, 1999, came into force on September 15, 2003.
- India has made a step towards fulfilling its international obligations.
   Consequently, the Indian trademark law has now become fully compatible with the International standards laid down in the TRIPs Agreement. The New Act primarily consolidates and amends the old Trade & Merchandise Marks Act, 1958 and provides for better protection of goods and services



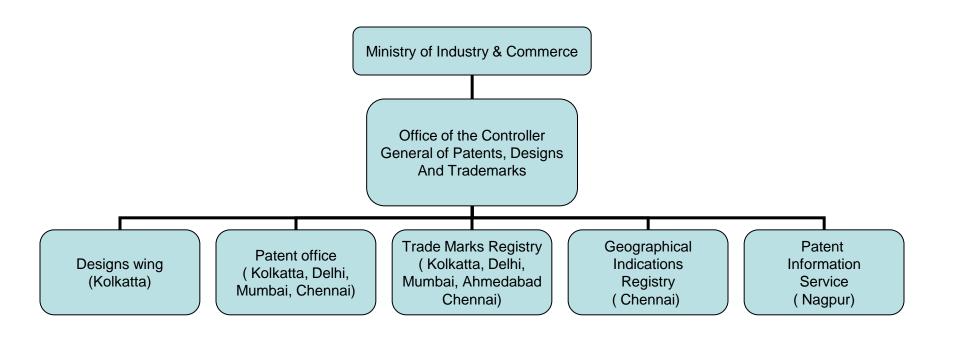
### GEOGRAPHICAL INDICATIONS

India, as a member of the World Trade
Organization, enacted the Geographical
Indications of Goods (Registration & Protection)
Act, 1999 has come into force with effect from
15th September 2003. The source of
Geographical origin of the biological material
used in invention is required to be disclosed in
the specification

### COPYRIGHTS

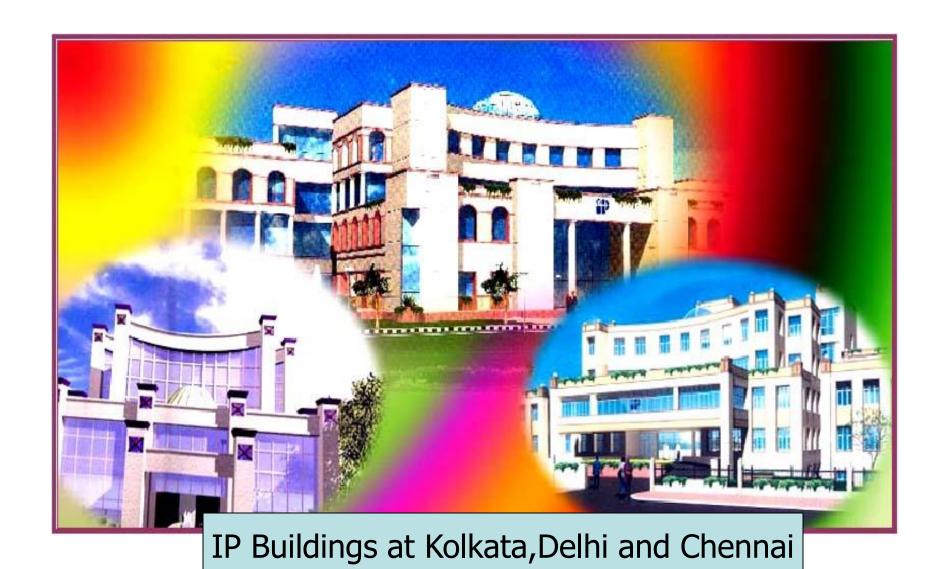
- India has a very strong and comprehensive copyright law based on Indian Copyright Act. 1957 which was amended in 1981, 1984, 1992, 1994 and 1999 (w.e.f.January 15, 2000). The amendment in 1994 were a response to technological changes in the means of Communications like broadcasting and telecasting and the emergence of new technology like computer software.
- The 1999 amendments have made the Copyright Act fully compatible with Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. & fully reflects Berne Convention. The amended law has made provisions for the first time, to protect performers' rights as envisaged in the Rome Convention. With these amendments the Indian Copyright law has become one of the most modern copyright laws in the world.

## Organization Structure – IP Offices





**IP Building at New Delhi** 



# Nodal Agencies for IPR facilitation in India

TIFAC Patent facilitation Cell

www.indiapatents.org.in

CII - Andhra Pradesh Technology Development & Promotion Center

www.aptdc.com/ www.apipr.org

National Research Development Corporation

www.nrdcindia.com

### The Road Ahead

- Further IP Protection Portfolios Data Protection, Utility Patents, Trade Secrets
- New Modernization initiatives in IP Offices
- Increased nos of IP Professionals
- Increased nos of IPR filings in India

# TRADE MARKS

Unit II

### TRADE MARKS

- Definition:
- "A trademark is any sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors."
- A trademark is a type of <u>intellectual</u> <u>property</u>, and typically a name, word, phrase, <u>logo</u>, <u>symbol</u>, design, image, or a combination of these elements.

# SIGNS WHICH MAY SERVE AS TRADEMARKS

- Words:
- This category includes company names, surnames, forenames, geographical names and any other words or sets of words, whether invented or not, and slogans.
- Letters and Numerals:
- Examples are one or more letters, one or more numerals or any combination thereof.
- Devices:
- This category includes fancy devices, drawings and symbols and also twodimensional representations of goods or containers.

- Colored Marks:
- This category includes words, devices and any combinations thereof in color.
- Three-Dimensional Signs:
- A typical category
   of three-dimensional signs
   is the shape of the
   goods or their packaging.













































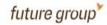
























# FUNCTIONS OF THE TRADE MARKS ARE:

- To identify the goods and their origin.
- To serve as a guarantee of unchanged quality of the goods.
- It acts as a marketing and advertising device.
- It creates an image of product in minds of consumers.

## **ESSENTIAL FEATURES**

- It should be distinctive
- TM should preferably be an invented word. Eg: ZEN
- It should be easy to pronounce and remember if it is word mark.
- In case of a device mark -should be capable of being described by a single word.
- It was be easy to spell correctly and write legibly.
- It should not be descriptive.
- It should be short.
- It should not belong to the class of marks prohibited for registration.
- It should satisfy the requirements of registration.

### MARKS RELATED TO TM

### SERVICE MARKS:

- Where a trademark is used in connection with services, it may be called "service mark".
- Service marks are used by hotels Service marks are used by hotels, restaurants, airlines, tourist agencies,

## **COLLECTIVE MARK**

- A Trade mark distinguishing the goods or services of members of an association of persons not being partnership firm from those of others"
- The proprietor of the mark is the association.
- The goods and services of a company or group of companies like GODREJ or HINDUSTAN UNILEVER LTD. may be the subject matter of collective Trade mark.

### **CERTIFICATION MARK:**

- There is a species of trade mark called as Certification mark.
- Its function is to indicate that the proprietor of the mark has certified the goods bearing the mark as to certain characteristics of the goods.
- e.g. Geographical origin, ingredients and so on such as ISI, AGMARK, FPO

### TRADE MARKS ACT, 1999

### INTRODUCTION

- Patents, designs and copyright are protected only for a limited period. On the other hand, in general, a <u>registered trade mark can be</u> <u>protected in perpetuity</u> subject only to the following conditions:
  - It is used and renewed periodically and
  - The registered proprietor takes prompt action against infringers.

## TRADE MARKS ACT, 1999

- The present Trade Marks Act, 1999 has replaced the Trade and Merchandise Marks Act, 1958. And the Trade Marks Act, 1999 has been brought into force only on 15th September 2003.
- The Trade Mark Rules, 2002 are passed under the Trade Marks Act, 1999.

# OBJECTIVES OF THE TM ACT, 1999

- Developments in trading and commercial practices
- Increasing globalization of trade and industry
- The need to encourage investment flows and transfer of technology
- Need for simplification & harmonization of trade mark management systems and
- ✓ To give effect to important judicial decisions

### UNDER TM ACT OF 1999

- To provide for registration of trade mark for services, in addition to goods;
- Registration of trade marks, which are imitation of well known trade marks, not to be permitted, besides enlarging the grounds for refusal of registration;
- Amplification of factors to be considered for defining a well known mark;
- To provide only a single register with simplified procedure for registration and with equal rights;

- Providing for registration of "collective marks" owned by associations;
- Providing an Appellate Board for speedy disposal of appeals ad rectification applications;
- Providing enhanced punishment for the offences relating to trade marks;

- Prohibiting someone else's trademark as part of corporate names, or name of business concern;
- Provision for filing a single application for registration in more than one class;
- Increasing the period of registration and renewal from 7 to 10 years;

### TRADEMARK REGISTRATION

### Trade mark search:

- A Trademark search is the first step in determining the uniqueness of your mark, and its similarity to other, pre-existing marks.
- Without a search there may be a greater risk of being sued for Trademark infringement, the rejection of your Trademark application, and a third-party challenging your Trademark application.

### • Application for Registration:

 Applications for registration of a trademark are to be filed with the competent government authority, which in most countries is the same as the authority competent for processing patent applications. Usually, it is called "Industrial Property Office" or "Patent and Trademark Office" or "Trademark Office."

#### TRADEMARK REGISTRY IN INDIA

Trademark Registry, Mumbai (Head Office),

<u>Trademark Jurisdiction</u>: State of Maharashtra, Madhya Pradesh, Chhattisgarh and Goa.

Trademark Registry, Delhi

<u>Trademark Jurisdiction</u>: State of Jammu & Kashmir, Punjab, Haryana, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Delhi and Chandigarh.

- Trademark Registry, Kolkata, <u>Trademark Jurisdiction</u>: State of Arunachal Pradesh, Assam, Bihar, Orissa, West Bengal, Manipur, Mizoram, Meghalaya, Sikkim, Tripura and Union Territory of Nagaland, Andamar & Nicobar Island.
- Trademark Registry, Ahmedabad, <u>Trademark Jurisdiction</u>: The state of Gujarat and Rajasthan and Union Territory of Damman, Diu, Dadra and Nagar Haveli.
- Trademark Registry, Chennai,
   <u>Trademark Jurisdiction</u>: The state of Andhra Pradesh, Kerala, Tamil Nadu,
   Karnataka and Union Territory of Pondicherry and Lakshadweep Island.

#### REGISTRAR AND REGISTER

of this Act.

Appointment of Registrar and other officers

 (1) The Central Government may, by notification in the Official Gazette, appoint a person to be known as the Controller-General of Patents, Designs and Trade Marks,

who shall be the Registrar of Trade Marks for the purposes

 (2) The Central Government may appoint such other officers with such designations fit for the purpose of discharging functions, under the superintendence and direction of the Registrar

#### REGISTER OF REGISTER

- Trade marks register is kept at the head office of trade marks registry
- Contents: trademarks with names and addresses and descriptions proprietors, notifications of assignments, transmissions
- A copy of registrar is maintained at each branch office, along with the documents notified by govt in official gazzette
- CLASSIFICATION OF GOODS:
- registrar publish an alphabetical index of classification of goods and services for the information of applicants

#### FILING OF APPLICATION

- The sign(trademark) filed for registration must appear in the application form. If it is intended that the sign should be registered in color, the colors must be claimed and a specimen in color or the description of the color(s) must be submitted.
- If a three-dimensional sign is filed for registration, it is necessary to claim protection of the sign in its threedimensional form.
- The applicant has also to list the goods for which the sign is to be registered. In some countries a separate application has to be made for each class, while in others one application is sufficient for several classes.

- Acceptance of application or refusal to accept
- an application for registration of a trademark is accepted only if the formal requirements are fulfilled.
- Before issuing a total or partial refusal of the application, the office should give the applicant an opportunity to make corrections.
- Advertisement of application
- When an application is absolutely accepted or subject to some conditions, the registrar should advertise the application.
- Purpose: for oppositions of interested persons with in time.

- Opposition to registration
- With in three months from date of advertisement with prescribed fee in prescribed manner.
- Registration
- Final step in the Trademark registration procedure is the issuance of Trademark registration certificate. After the application for Registration of Trademark is accepted by the Registrar, the Registrar shall issue to the applicant a Certificate of Registration under the seal of the Trademark Registry.
- Time Duration:
- If there is no objection and /or opposition raised, the process of Registration of Trademark usually takes 15 to 18 months
- A trademark is designated by the following symbols:
- (for an unregistered service mark)

#### INFRINGEMENT

#### Trademark Infringement

- Under the Trademarks Act 1999 a person infringes a registered trademark if the person "uses as a trademark" a sign which is:-
- "substantially identical" with or "deceptively similar" to the registered trademark on goods or services covered by the trademark registration;
- substantially identical with or deceptively similar to the registered trademark on goods or services of the same description as, or closely related to, the goods or services of the registration, where such use is likely to deceive or to cause confusion;
- Which may be detrimental to proprietor

- There are two types of remedies available for the infringement of Trademark.
   These remedies are:-
- 1. Infringement Action: An action for infringement, which is a statutory right, is
  dependent on the validity of the registration of the mark.
- Infringement of a Trademark is a violation of property rights.
- Trademark registration is prima facie proof of ownership of the mark.
- The jurisdiction and procedure, in infringement suit, is governed by the Civil Procedure Code.
- The period of limitation for filing the suit for infringement is three years from the date of infringement. The relief and remedy in infringement proceedings include:-
- Injunction;
   Restraining the future use of the mark;
   Damages or on account of profits;
   Order for delivery of the infringing labels and marks for destruction;
   Seizure and confiscation of the infringing goods by the police department;
   Arrest of the infringers;
   Fines and penalties.

- 2. Passing Off: An action of passing off is a direct subject matter of or common law of right.
- Passing off is not defined in The Trade and Merchandise Marks Act, but it provides the rules of procedure and the remedies available.
- In the case of unregistered yet well known marks, the owner of the mark can initiate a passing off action in the appropriate Court of law.

- There are many international agreements pertaining to trade marks.some of them are:
- Madrid agreement concerning international registration of marks
- Agreement of madrid for the prevention of false or misleading indications of source on goods and the additional act of stockholm
- Lisbon agreement for the protection of appelations of origin and international registration
- Trade law treaty and regulations(TLT)

Madrid agreement concerning international registration of marks:

Purpose: to simplify the procedures for the filing of trademaks & services in different countries.

Agreement of madrid for the prevention of false or misleading indications of source on goods and the additional act of stockholm:

Purpose: to protect consumers against persons using false indications of source of goods.

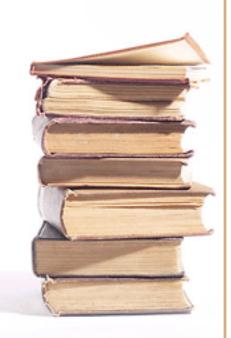
Lisbon agreement for the protection of appelations of origin and international registration:

Purpose: to protect "appelations of origin", defined as geographical name of a country, region or locality. which serves to designate a product originating therein having quality and characteristics exclusively or essentially due to the geographical environment.

Trade law treaty and regulations(TLT):
Purpose: to simplify and harmonise the trade mark registration systems of the member countries.

### Copyright

Unit 3



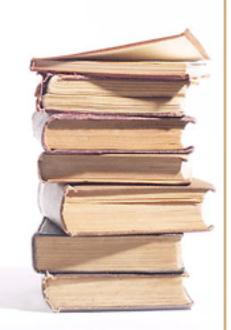
#### What is copyright?

 The legal right granted to an author, composer, playwright, publisher, or distributor to exclusive publication, production, sale, or distribution of a literary, musical, dramatic, or artistic work.



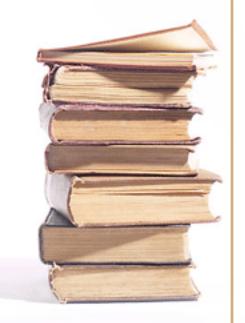
#### What does it do?

 Gives authors or artists the legal right to exclude others from using their works.



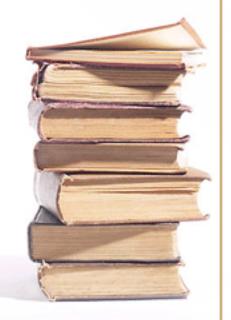
#### Copyright Information

- Copyright protects
   "original works of
   authorship" that are fixed
   in "a tangible form of
   expression."
- Rights begin at the moment of "fixation."



#### Copyright Information

- Copyright is automatic
   when a protectable work
   has been fixed in a
   tangible medium such as a
   floppy disk or hard drive.
- A poem or picture is as much protected on a disk as on a piece of paper or on a canvas.



#### What is protected?

- literary works (all text including computer software)
- musical works
- dramatic works
- pantomimes & choreographic works
- pictorial, graphic, & sculptural works
- motion pictures & other audiovisual works
- sound recordings
- · architectural works

#### What is not protected?

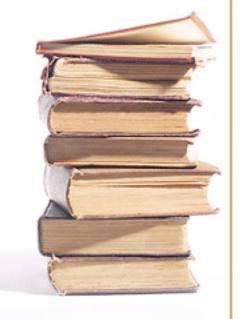
- ideas, concepts, or discoveries
- titles, names, short phrases, and slogans
- works that are not fixed in a tangible form of expression such as improvised speech or dance
- works consisting entirely of information that is commonly available and contains no originality
- anything written or created by the US government

#### What rights does the owner control?

- Rights to:
  - · make copies of the work
  - · distribute copies of the work
  - perform the work publicly (such as for plays, film, or music)
  - display the work publicly (such as for artwork, or any material used on the internet or television)
  - make "derivative works" (including making modifications, adaptations or other new uses of a work, or translating the work to another media)

## How long does copyright protection last? (Current Act)\*

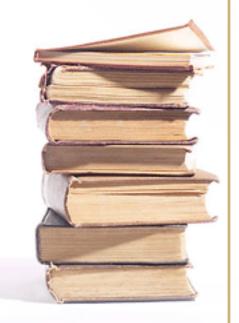
- for the life of the author, plus 70 years
- · 95 years for corporations



\*since 1978

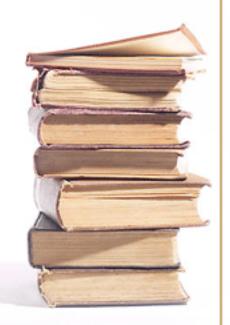
#### Limits to Copyright

- E-mail messages and web pages may be covered by copyright but such protection is subject to limits.
- It does not give its owners the right to sell or distribute such things as libelous e-mail messages or works that are obscene or invade someone's right of privacy.



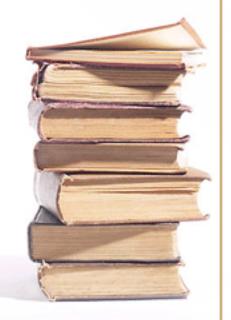
#### How can I tell if its copyrighted?

- Look in the GET INFO (Mac) or Properties screen for trademark information
- Contact author if possible



#### What if I use copyrighted work?

- If you use copyrighted work and author finds out, he/she must notify you in writing if he/she wants you to remove it.
- You MUST remove it.



### When can you use copyrighted material?

- Personal, academic, notfor-profit use – some authors will let you use
- Give the author credit
  - Linking to author's site
- This falls under "Fair Use"



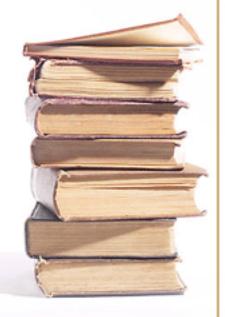
#### Fair Use

 A doctrine in the US copyright law that allows limited use of copyrighted material without requiring permission from the rights holders such as for commentary, criticism, news reporting, research, teaching or scholarship.



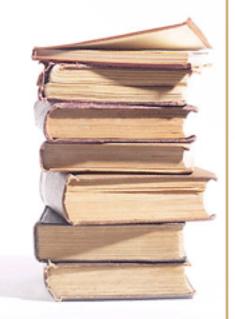
#### What should I do?

- Use your best judgment
  - Everything on Web is copyrighted property of someone
  - Academic use does NOT automatically protect you from being sued for copyright infringement.
  - http://www.ala.org/washoff/ teach.html for coverage on academic use



#### Free Stuff

- You can find totally free graphic sites on the Web by entering "free graphics" into a search engine.
- Images usually are poor quality
- Worth it; free



#### Finding Images

- Your responsibility to find out if it is free for your use or not.
- Law every image is protected by copyright automatically when it's created
- Question Does owner care if you use it?



#### Copyright Resource

- Visit The U.S. Copyright
   Office Home Page
- http://www.copyright.gov/
- Read all about U.S. copyright law.



## Patents and Utility Models

### IP Strategy

#### Strategy

- Identify intellectual property assets.
- Develop plan of protection through four main forms of intellectual property: copyright, patent, trademark and trade secret.
- Exploit intellectual property through program of licensing and distribution that best preserves your IP position.
- Develop program of enforcement of intellectual property rights.
- Monitor changes in the law and participate in such changes.
- Watch for IP claims by key competitors,
   particularly in the patent area.

#### What is a Patent?

• A right to <u>exclude</u> others from: making, using, offering for sale, selling or importing the patented invention

UNITED STATES PATENT No. 6,999,999

To

John Q. Public



- Not a right to use the invention
- Quid Pro Quo: sufficient disclosure
- For 20 years from date of filing

# A Common Misperception...

Patents inhibit free exchange of information.

#### TO THE CONTRARY...

The patent laws <u>require</u> **DISCLOSURE** of the structure of the invention, how to make and use it and the best mode of the invention. (35 U.S.C. § 112, first paragraph.)

Patent applications are typically **PUBLISHED**18 months after filing and in any event upon issue.

An applicant is free to **DISCLOSE** the invention any time after the application is filed without jeopardizing patentability.

## A patent right is NOT ...

a right to perform the invention or a monopoly in the marketplace.

#### What Can Be Patented

- © Process or Method
- **<sup>☉</sup> Machine or Apparatus**
- Article of Manufacture
- © Composition of Matter
  - \* Chemical Compounds
  - **★ Physical Mixtures**
- **◎ Improvements of Any of the Above**

### What Can Be Patented

Diamond v. Chakrabarty, 447 U.S. 303, 206 U.S.P.Q. 193 (1980)

The U.S. Supreme Court established the rule that compositions of matter that are made by man, i.e. that are "not nature's handiwork, but [the inventor's] own", are patentable subject matter.

### What Can Be Patented

AT & T Corp. v. Excel Communications Inc.,

50 USPQ2d 1447 (Fed. Cir. 1999), addressed patentability of computer algorithms.

### AT&T vs. Excel

Is the claimed subject matter as a whole a disembodied mathematical concept representing nothing more than a "law of nature" or an "abstract idea," or has the mathematical concept been reduced to some practical application rendering it "useful?

If the algorithm as a whole produces a useful, concrete and tangible result, and therefore is more than an abstract idea, then it is patentable subject matter.





US005339987A

5,339,987

### United States Patent [19]

D'Andrade

[56]

[11] Patent Number: Date of Patent: Aug. 23, 1994

54]	CONTROLLED FLOW, BURSTING WATER	
	GUN RELEASE MECHANISM	

[76] Inventor: Bruce M. D'Andrade, 3 Ten Eyck Rd., Whitehouse Station, N.J. 08889

[21] Appl. No.: 82,735

[22] Filed: Jun. 28, 1993

[51] Int. Cl.<sup>5</sup> ...... A63H 33/18 U.S. Cl. ...... 222/79; 222/509; 222/518; 222/401

[58] Field of Search ......... 222/79, 401, 175, 511-518, 222/510, 509, 400.8, 400.7; 42/54; 446/473

### References Cited

### U.S. PATENT DOCUMENTS

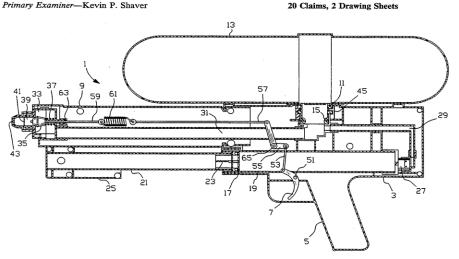
1,795,684	3/1931	Seele 222/518 X
2,808,178	10/1957	Di Grado et al 222/518 X
2,892,576	6/1959	Ward 222/518 X
3,005,577	10/1961	Webster 222/518 X
3,197,070	7/1965	Pearl et al
3,396,876	8/1968	Workman et al 222/518 X
3,416,710	12/1968	Roubol 222/518 X
3,578,789	5/1971	Ferri .
3,580,863	5/1971	Campbell 222/518 X
4,214,674	7/1980	Jones et al
4,239,129	12/1980	Esposito .
4,271,986	6/1981	Stecker 222/518 X
4,286,737	9/1981	Gallant 222/518 X
4,413,972	11/1983	Lawson 222/518 X
4,735,239	4/1988	Salmon et al
4,854,480	8/1989	Shindo .
4,964,547	10/1990	Ling 222/321 X
5,074,437	12/1991	D'Andrade et al
5,150,819	9/1992	Johnson et al
-, 0,017	-, -,,-	

Assistant Examiner-Kenneth DeRosa Attorney, Agent, or Firm-Kenneth P. Glynn

### ABSTRACT

The present invention involves a water gun having at least one pressurizable air/water storage tank, a pressurizing mechanism, a channel of release for shooting water and a release mechanism. The improvement lies in the particular release mechanism of the water gun. This release mechanism is for controlled flow with bursting release of water. It includes a plug valve which is located within a channel of release. The release mechanism has a first spring connected to the plug valve which biases the plug valve to its first, closed position. This first spring and the internal water pressure against the plug valve constitutes the "first force." Linkage connects a trigger to the plug valve such that activation of the trigger provides a second force which moves the linkage so as to move the plug valve from the first, closed position to the second, opened position and release of the trigger permits the first force to bias the plug valve back to its first, closed position. There is also a delay spring located within the linkage itself. When the trigger is pulled, it pulls the delay spring in a direction opposite from an against the first force. This first force is the force of the first spring as well as the internal water pressure holding the valve closed. At some point, the delay spring overcomes the forces of the first force holding the valve closed. At this point, the valve snaps open and there is rapid decrease of water pressure causing a burst of water to exit the water gun. This creates a controllable burst and a realistic trigger re-

20 Claims, 2 Drawing Sheets



- Keep a notebook!
- Keep the pages sequential and clearly dated.

- Write down your experiments!
   (especially the ones showing
   structure of the invention and
   how to make the invention) =
   "reduction to practice"
- Also write down significant ideas! (ditto!) = "conception"

- U.S. is the only "first to invent" country
- Everyone else is "first to file"
- An "interference" is a proceeding to determine who is first to invent
  - Evidence of invention date is usually from inventor's notebook

- Periodically show your notebook to someone else in the lab who is not an inventor (but who has an obligation of confidentiality and can understand what you are telling them).
- Have that witness sign and date the pages and indicate that they have "read and understood"the content.

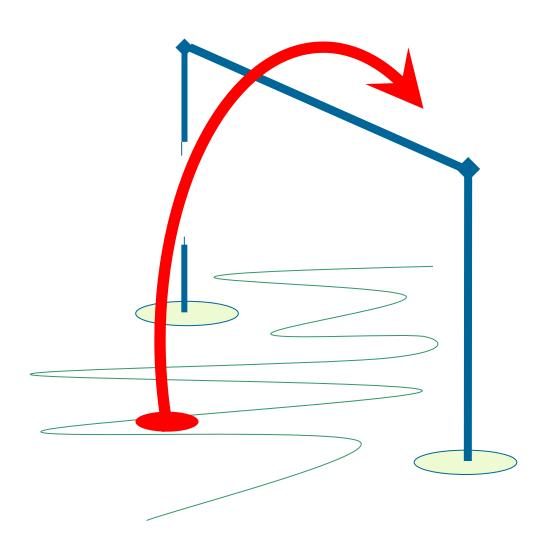
# Loss of Foreign Patent Rights

For Foreign Patent, Application Must Be Filed Before:

- Any divulgation or public disclosure of invention.
  - Use Non-Disclosure Agreements
- BEST POLICY: FILE IN U.S. FIRST, if possible, to preserve foreign filing rights.
  - Applicant then has a one year period from U.S. application filing date to file in foreign countries.

### 35 USC § 101

Whoever invents ...any *new* and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, ...



### Requirements for Patentability

**USEFUL** 

**NOVEL** 

NON-OBVIOUSNESS

- Must have some utility;
   achieve some objective;
   not against public policy
- Must be new, i.e., different from prior art
- Subject matter as a whole would not have been obvious at the time to person of ordinary skill in the art

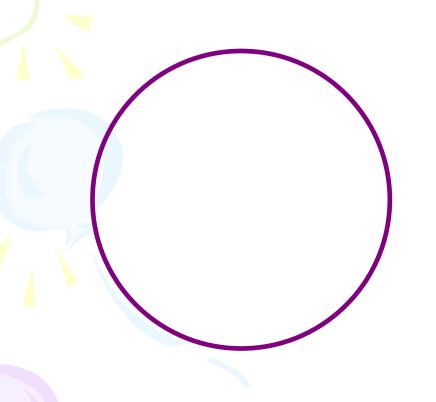
### Parts of a U.S. Patent

- A. Specification detailed description of invention and background
- B. Drawings diagrams, flow charts, data (e.g. NMR, IR, etc.)
- C. Claims define "metes and bounds" of invention

### Claims of a Patent

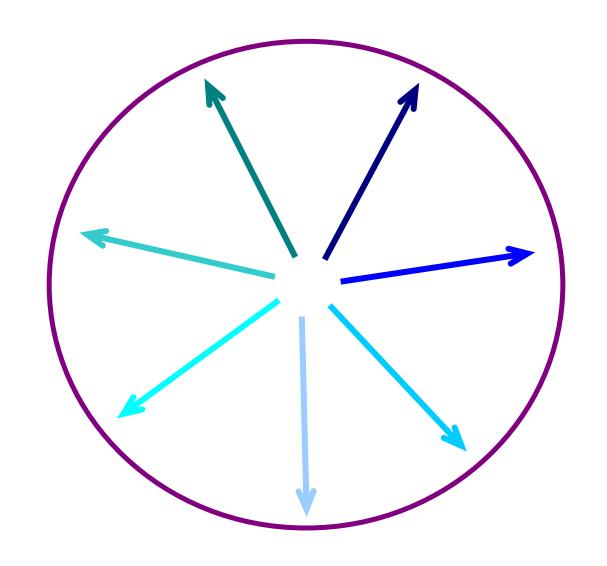
- The Claims
  - Similar to a fence around a piece of property
  - Claim defines the metes and bounds of a patent holder's property

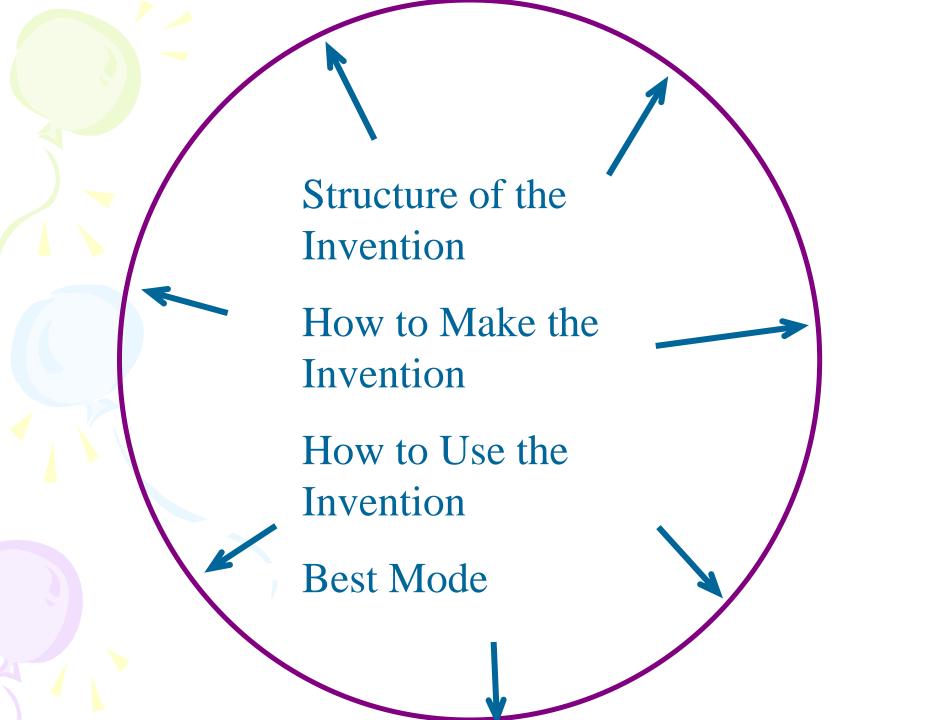
### **Patent Claims**



The "Claims" of a patent define the scope of the invention. In the **U.S.**, peripheral claiming is used. That is, the claim language defines the "edge" of the property right.

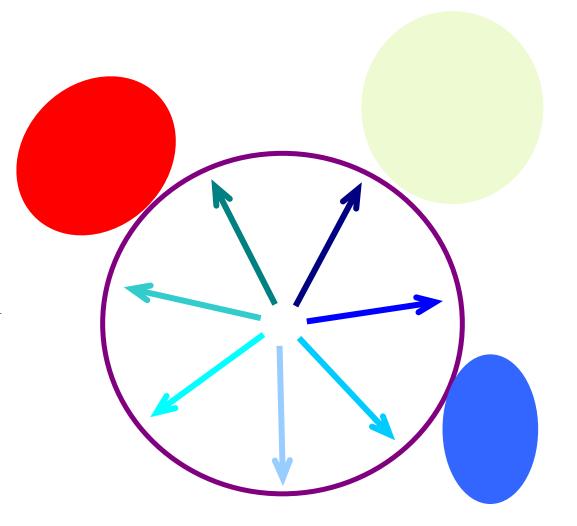
35 U.S.C. § 112, first paragraph tells what description must be provided to support the scope of a claim...





## PRIOR ART LIMITS THE SCOPE OF PATENT CLAIMS

The requirement for novelty of 35 USC §102 means that a patent claim cannot include what is already in the prior art.



### What is claimed is:

In a water gun having a housing, a barrel, at least one pressurizable air/water storage tank, a pressurizing mechanism, a channel of release for shooting water, and a release mechanism, the improvement which comprises:

a controlled flow, bursting water gun release mechanism, including:

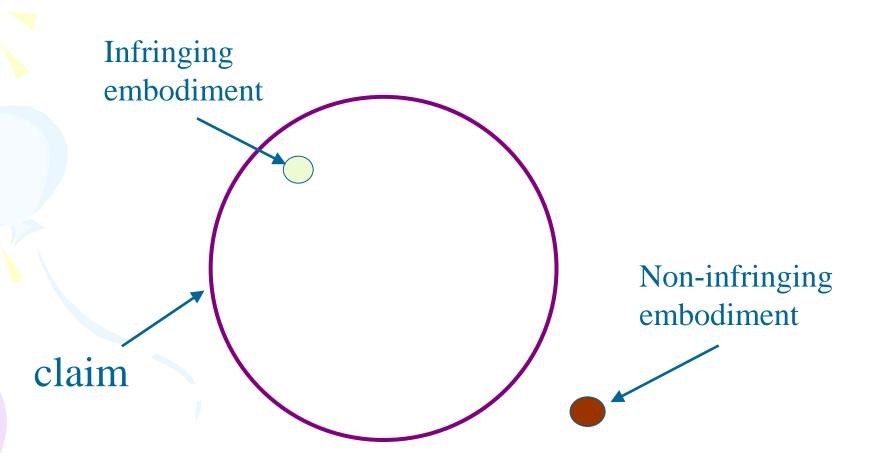
- (a) a valve located within said channel of release and having a first, closed position which prevents flow of water out of said channel of release and having a second, opened position which permits flow of water out of said channel of release;
- (b) a first spring connected to said valve and biasing said valve to its first, closed position;

- (c) a trigger connected to said housing, and having a portion extending from the housing to permit manual activation thereof;
- (d) linkage connected to said trigger and to said valve such that activation of said trigger moves said linkage so as to move said valve from said first, closed position to said second, opened position and release of said trigger permits said first spring to bias said valve back to its first, closed position;
- (e) a delay spring functioning as part of said linkage and located on said linkage between said valve and said trigger whereby when said trigger is activated, the force of the delay spring must be overcome before said valve will open causing a bursting of water to exit said water gun.

## Infringement

"Infringement" of a patent occurs when a competitor makes, uses, sells, offers to sell or imports an embodiment of the invention without the permission of the patent owner.

### Infringement



## Infringement

## The typical remedies for infringement are:

- ⇒ Damages (\$\$\$)
- ⇒ Injunction (stop use by infringer)

### **Patent Infringement**

- Patents only cover those products or processes described by the claims
- An infringing product or process must have each element of the claim
- The accused product or process may have more than required by the claim

### **Patent Infringement Test**

- Determine meaning of claim (claim construction)
- Apply meaning to the accused device
  - Literal Infringement
  - Doctrine of Equivalents Infringement

# Working With Your Patent Attorney

- Inform attorney of what you know about the state of the art.
- What are the differences between your invention and the state of the art?
- What parts of the structure of the invention can be changed without affecting the way the invention is used?

# Working With Your Patent Attorney

- What changes can be made in the materials and methods for making the invention without affecting the structure?
- What are the key structural features that produce the result of the invention?

### **Computer Program Patents**

- Today computer programs are patentable as:
  - A series of program process steps
    - Can assert against the system user and indirectly against the system manufacturer
  - A computer readable medium with the program process steps embedded in it
    - Can assert against the manufacturer who provides infringing software on diskette, CD-ROM and the like
    - Can assert against manufacturers who download infringing software
    - Can assert against IC manufacturers who include infringing microcode in their chips

### **Business Method Patents**

- Methods of doing business ("business methods") are patentable so long as they:
  - Produce a useful, tangible and concrete result
    - Do not even need to be implemented in software

### Is Software patentable in Europe (EPC)?

NO!

## Are Software Inventions patentable in Europe (EPC)?

Yes, if...

### Article 52(1) EPC

- European patents are granted for inventions that :
  - are new
  - involve an inventive step
  - are susceptible of industrial application

### Article 52(2) EPC

- "programs for computers" are not to be regarded as "inventions" (because they lack a technical character)

- Article 52(3) EPC
  - exceptions listed in Article 52(2) have to be interpreted narrowly

- Interpretation of the Boards of Appeal
  - computer-implemented inventions can be patented if they involve an inventive technical contribution to the prior art

### Computer-implemented Inventions

Any invention the performance of which involves the use of a computer, computer network or other programmable apparatus and having one or more features which are realised wholly or partly by means of one or several computer programs.

### 4 types of Computer-implemented Inventions

- Technical processes describable without computer/software features.
- Problem can not be solved completely without computer implementation.
- → Solution exclusively in the area of software.
- Invention is a computer implementation of a nontechnical process.

#### T 208/84 & T26/86

 a software for controlling or carrying-out a technical process is patentable

#### T 1173/97 & T935/97

 computer programs stored on a data carrier are patentable if there is a "further technical effect" (i.e., one going beyond the normal physical effect)

#### T 258/03

 a patent can not be granted if there is no technical contribution to the prior art

- Non-patentable computer-implemented inventions
  - Internet retailing method
  - -fixed-odds betting system (EP 1 139 245)
  - business methods

## Patentable computer-implemented invention

- an invention enabling the detection of the proper functioning of an ABS control unit (EP 771 280)
- computer-controlled process for operating a robot arm

### Patentable computer-implemented invention

- computer-controlled process for enhancing a graphic display
- computer-controlled process for controlling data storage between memories
- computer-controlled process for routing diverse calls through a telephone exchange

## Are Business Methods patentable in Europe (EPC)?

NO!

### Article 52(2) EPC

"rules and methods for ... doing business" are not to be regarded as "inventions"

### T 931/95

pure business methods as such are not patentable

#### Conclusion

- Patent protection of software is possible in Europe, but it is necessary to identify a technical effect.
- Business methods are rejected by European Patent examiners.

### Is Software patentable in the U.S.A.?

YES!

#### Software:

- Same as any other invention
- Must be new, useful, non-obvious
- Approximately 16'000 software-related
   U.S. patents each year

- Acceptable software-related inventions:
  - Computer aided design software
  - Insurance and financial software systems
  - Debuggers
  - Operating systems
  - **E-commerce solutions**
  - Compilers
  - Business methods
  - etc.

- Non-acceptable inventions:
  - Mathematical laws (e.g. Fourrier transform)
  - Laws of nature

Processes based on these laws and implemented by computer programs are patentable, if new, useful and non-obvious.

- Important for any patent application in the U.S.A.
  - Describe the best mode
  - Cite relevant prior art, including competing solutions

- Important in particular for software patent applications in the U.S.A.
  - Use flowcharts
  - File early in the development process or submit source code (duty of disclosure)

### Trends of U.S. Companies

- Aggressive patenting of software development
- Litigation increase (more than 2'500 lawsuits each year)
- Huge damages (up to several millions dollars)
- Negotiations (97% settle prior to trial)

## Are Business Methods patentable in the U.S.A.?

Yes, but...

- Business method patents:
  - Highly scrutinized by the U.S. examiners
  - Long delays
  - Small percentage of U.S. patents

#### Conclusion

- File
- File early
- Disclose everything that you know
- Be ready to negotiate

#### Conclusion

- Software patents in Europe: Yes, if...
- Business method patents in Europe: NO!
- Software patents in the U.S.A.: YES!
- Busin. meth. patents in the U.S.A.: Yes, but...

## **International Protection**

- Need to file country-by-country.
- Treaties facilitate international filings:
  - PCT Filings
  - European Patent Office
- Differences in protection:
  - Priority based on first to file.
  - Term of patent protection may vary.
  - Foreign countries may grant more limited protection to software patents.
  - Foreign countries may not recognize business method patents.

## **Patent Protection Program**

- Not common for smaller developers, but can be very valuable in strengthening position.
- Early identification and filing for protection to avoid loss of rights.
- Institute invention disclosure program and written assignment of rights from employees and independent contractors.
- Use of provisional patent filings:
  - Cheaper than full application, provisional applications help establish date and prevent loss of patent rights.
  - One year to convert to full patent application.
  - Some risk if you don't fully disclose the invention.

## **U.S. Vs. Foreign Patents**

- U.S. patents only provide protection in the U.S. for:
  - Products and processes made, used, sold or offered for sale in the U.S.
  - Imports into the U.S.
- Foreign patents must be obtained to provide protection for products and processes not made, used, offered for sale, sold, or imported in the U.S.

## **Patent Infringement**

- Patents only cover those products or processes described by the claims
- An infringing product or process must have each element of the claim
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## Patent Infringement Test

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## Patent Due Diligence

Why Worry About It?

#### Damages:

- Lost profits
- Reasonable royalties
- Treble damages & attorney fees
- Price erosion
- Convoyed sales

#### **Disruption to Business During Litigation:**

- Document production
- Depositions
- -Significant issue affecting business

## Patent Due Diligence Why Worry About It?

## Costs of litigation

"The cost to bring a patent case ... ranges from \$750,000 to \$1 million for a simple dispute and from \$4 million to \$8 million for a modest one. Monster cases can cost \$10 million or more." IP Worldwide, May 2002, p. 43.

## Patent Due Diligence

**How to Conduct** 

#### 1. Search/Monitor:

- patent searches on relevant product lines of primary competitors
- patent searches directed to the specific product being introduced
- monitoring of relevant products being sold
- 2. Compare proposed new product or process to any relevant patents or competitor products
- 3. If necessary, search for prior art

## Patent Due Diligence When A Relevant Patent Is Found

- Look at the claims, not just the disclosure of the patent
- Many patents can be designed around
- Has the patent expired?
  - Time or Maintenance Fee Nonpayment
- Is the patent valid?

# TRADE SECRETS Unit 4

## Outline of Presentation

- What are trade secrets
- Protecting trade secrets
- Trade secrets or patents
- Legal protection for trade secred and remedies for their misappropriation







## Trade Secrets and Franchise

- Intellectual property rights are inherent to a franchise. Without IP there can be no franchise
- IP
  - Trademarks
  - Designs
  - Patents
  - Copyright
  - Trade Secret



## What are Trade Secrets

 Trade secrets are confidential information that has commercial value by virtue of being kept secret and reasonable steps have been taken to keep it secret.

# Economic Espionage Act of 1996, 18 U.S.C. § 1839 (3)- definition of a trade secret

 "All forms and types of financial, business," scientific, technical, economic, or engineering information, including patterns, plans, compilations, programmed devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing."

### Trade Secrets in a Franchise

 Financial, technical, structural, marketing, engineering, distribution techniques/documents, recipes, business formats and plans, operations manuals, and pricing techniques are all candidates for protection as trade secrets.

 Camp Creek established and operated a Sheraton Inn franchise (the "Inn") close to the Atlanta airport. It had disclosed to Sheraton confidential information such as occupancy levels, average daily rates, discounting policiés, rate levels, longterm contracts, marketing plans and operating expenses in a confidential context with the expectation that it would be kept confidential and used for limited purposes. Such information were closely guarded in the hotel industry. Thereafter, Sheraton purchased another hotel close by. The manager of the new hotel used the informátion described above to its advantage and to the detriment of Camp Creek. Held that the information qualified as trade secrets and were used in violation of the confidentiality agreement





 An ex-franchisee was found to have violated trade secret law by using the franchisor's carefully guarded customer lists and by using the franchisor's specially designed computer software

## Increasing vulnerability of trade secrets

- In franchising the franchisor has to transfer all of the information relevant to the way of doing his business to the franchisee
- If a franchisor is not careful, its products and method of doing business can be copied by employees or franchisees who can use the information to start competing companies.
  - Advances in technology the speed and ease with which information can be moved has made businesses information more vulnerable to loss
  - Employee mobility and shifting allegiance

#### Trade secret protection

- First Step identify potential trade secrets (Trade secret audit)
- Second Step Take measures to protect them
  - By identifying and protecting prevent their loss
  - Difficult to prove to a court that the information is worthy of protection if steps had not been taken to identify and protect them in the first place

#### Identify

- Prepare list of information that you think needs to be kept secret
  - Technical and scientific information
  - Financial, legal and HR information
  - Commercial information
- Note date of creation, place of storage/use and other key information

## Technical and Scientific Information

- product information
  - technical composition of a product
     (medicine, paint, recipe for a sauce),
     data about product performance,
     product design information
- manufacture information
  - manufacturing methods and processes (weaving technique, device process), production costs, refinery processes, raw materials, machinery
- know-how necessary to perform a

## Financial, Legal and HR Information

- Pricing information
- Salary and compensation plans
- Employee evaluation

#### Commercial Information

- marketing strategy/research
- customer buying preferences and requirements
- consumer profiles
- sales methods

## Information protected in decided cases

- Access card control information
- Project information
- Pricing information/sales forecasts
- Financial information
- Computer source code
- Test material/ prototypes/ design specifications

- Customer business info
- Engineering plans and drawings
- Formulas
- Research
- Blueprints/diagrams
- Software
- Implementation methodology
- Technical records
- Biomedical research
- Sales forecasts

- Franchisor must identify the trade secrets that exist within his business as a prerequisite for protecting them
- Franchisor must identify the trade secrets licensed to a franchisee so that he is informed and takes the appropriate steps to protect them

### Provisions in the Franchise Agreement

- Franchisee acknowledges that the franchisor is the owner of all proprietary rights in and to the system and manual(s) and any changes or supplements to the manual(s); franchisee acknowledges that all of the information contained in the manual(s) is proprietary and confidential and franchisee shall use all reasonable efforts to maintain such information as confidential.
- Franchisee acknowledges, knows, and agrees that designated portions of the manuals are trade secrets known and treated as such by the franchisor

#### Protection

- HR policy
  - Information is usually lost from within a company
- Security procedures for paper documents, tangible material and for electronic information

### Human Resource Policy – employees and franchisees

- Awareness creation/strong enforcement of breaches
  - Information week survey only 9% of companies educate their employees on data security
  - Should be part of training provided to the franchisee
- Confidential agreements/clauses
  - Similar expectations vis-à-vis franchisee and its employees
- Staff manual
  - Operational manual of the franchise

#### Human Resource Policy –Ex employees

- Exit interviews
- Non compete agreements
  - Such agreements are enforceable where it is considered reasonable as to time, scope and geographical limitation necessary to protect the legitimate interests of the employer (or Franchisor); where they are not harmful to the public, and where they do not impose undue hardship on the employee (or franchisee)

#### Gold Messenger

- Plaintiff franchised his system for setting up and operating an advertising circular business to the Defendant.
- The franchisee received the Operations and Procedures Manual detailing how to set up and operate a GM franchise.
- The agreement included a covenant not to compete (at termination, franchisee may not compete with GM for three years and within 50 miles of GM franchise territories).
- After the franchisee failed to pay royalties, plaintiff terminated the agreement. Thereafter the Defendant began publishing a competing circular called "Penny Power."
- Held that the defendant could not use the confidential information contained in the manual to compete unfairly with the franchisor





- **Franchise** involved a cleaning company. A non-competition clause in the agreement prevented an ex-franchisee from competing in the same kind of business covered by the **franchise** agreement for two years after termination within a ten mile radius of the area in which the franchisee rendered services.
- The clause was not enforced because there was no evidence of misuse of confidential business. The ex-franchisee operated a competing business within the 10-mile radius but there was no evidence that any of the franchisor's manuals, techniques or training manuals were used.





 After the termination of a franchise agreement for lawn care the exfranchisee was prevented from running a competing business in the same area

#### **Duty of Confidentiality**

- Explicit contract
- Implicit contract
  - Even in the absence of a confidentiality agreement or clause duty of confidentiality may be implied.
- Fiduciary duty
- Practice in the trade

### Employees stock of knowledge or employers confidential information

 Difficult question of fact as to whether the information that has been used to the detriment of the employer is information of the employer or honestly acquired during employment by the employee

#### Faccenda v Fowler

- Mr. Fowler left Faccenda where he had worked for 8 years and set up his own business of delivering and selling fresh chicken
- He took with him customer lists and their requirements, delivery routes and pricing information
- This information was held not to be sufficiently confidential

#### Bingham Hill. v Morning Fresh

- Bingham Hill was awarded \$550,000 in damages for their stolen trade secrets.
- Morning Fresh had hired the former cheese maker at Bingham Hill who had signed an agreement while at Bingham Hill stating he would not disclose their recipes or make their cheeses elsewhere.
- He violated this agreement by not only disclosing their trade secrets but by using them to make duplicate cheeses at Morning Fresh.

#### Internal security

- Documents under lock and key
- Password protection in computers
- Disclosure on a "need to know"basis
- Confidential documents marked "confidential"
- Registration at reception/visitor logs/escorts
- Use "keep out" "authorized personnel only"signs
- Access controlled photocopiers, scanners, computers. Use of shredders

#### "Confidential"

 "This document contains confidential and proprietary information of [COMPANY] and is protected by copyright, trade secret and other national laws. Its receipt or possession does not convey any rights to reproduce, disclose its contents, or to manufacture, use or sell anything it may describe. Reproduction, disclosure, or use without specific written authorization

## Case Study – old country buffet

- OCB popular chain of buffet restaurants.
   Good food, décor, service and had solved a variety of problems in running a buffet (food spoilage, wastage, cost cutting)
- Klinke got access to OCB's manuals and recipes, copied them and replicated them in his competing buffet business
- Held that OCB had not taken precautions to protect their recipes or their manuals and as such could not be protected as trade secrets

### Confidentiality Provisions in the Franchise Agreement

 The trade secrets must be accorded maximum security consistent with franchisee's need to make frequent reference to them; franchisees shall strictly limit access to the manuals to employees who have a demonstrable and valid "need to know" the information contained therein in order to perform their position and strictly follow any provisions in the manuals regarding the care, storage, and use of the manuals and all related proprietary information; the franchisor should reserve the right to designate which employees of the franchisee

### Confidentiality Provisions in the Franchise Agreement

- Franchisee shall not at any time, without franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce in any manner any part of the manuals, updates, supplements, or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.
- The manuals at all times remain the sole property of franchisor; upon the expiration or termination, for any reason, of the franchise agreement, franchisee shall return to franchisor the manuals and all

#### Secret Recipes



- Kentucky fried chicken
  - The secret recipe of "11 herbs and spices" lies in a bank vault.
  - Few people know it, and they are contractually obligated to secrecy.
  - The ingredients are mixed by two different companies in two different locations and then combined elsewhere in a third, separate location.
     To mix the final formula, a computer processing system is used to blend the mixtures together and ensure that no one outside KFC has the complete recipe

#### Other Measures

- Carefully review advertising and promotional materials and press releases to protect trade secrets
- Monitor trade press and business journals for any news indicating a possible compromise and/or exploitation of your trade secrets by others.
- Police the activities of suppliers, franchisees, etc
- Include post-term obligations in employment agreements that impose a duty on the employees to keep his or her former employer aware of his or her whereabouts

#### Patent or Trade Secret Protection

 Such information may qualify for patent protection or trade secret protection. A company may choose trade secret protection even for information that qualify for patent protection.

#### Trade Secrets or Patents

- No registration (costs/time factor)
- Duration is not limited to specified period of time
- No disclosure
- Wider information
- Difficult to enforce
- No protection against independent

- Registration required (cost/time factor)
- Limited duration
- Disclosure required
- Limited to claims
- Easier to enforce
- Exclusive rights

#### Making the Choice

- Trade secret better
   Patent better
  - Short commercial life
  - In-house development
  - Cost
  - Modifications may not be patentable

- - Easily reverse engineered
  - Outsourcing
  - Cost
  - Modifications patentable

#### Protection for Trade Secrets

- Often no specific law
- Where there is a contract;
   employees with express provisions in their contracts or an implied duty of confidentiality or those who have signed NDA or CA
- Where there is no contract; information imparted in confidence and used in breach of that confidence or information obtained

#### Remedies

- Civil remedies based on breach of contract or tort law; damages, injunctions, seizures and impoundment
- Criminal remedies rarely a criminal offense in its own right but could attract criminal liability by committing criminal offenses for procuring the information (theft, trespass etc)

# Ten Ways to Protect a Franchise's Trade Secrets Thomas Oppold

- **No. 1:** Define the franchisor's trade secrets broadly in the franchise agreement, for example -- "As used herein, the term Trade Secrets mean, any information, including, but not limited to, any manuals, contracts, customer data, supplier data, financial data, price lists, know-how, methods, techniques, processes, compilations, formulas, programs or patterns relating to the operation of the franchise and the products or services thereof."
- **No. 2:** Specifically state in the agreement that any items embodying the franchisor's trade secrets are being licensed to the franchisee as opposed to being sold.
- **No. 3:** Specifically state in the agreement that the franchisee is prohibited from "reverse engineering," decompiling or disassembling any items embodying the trade secrets.
- **No. 4:** Require the franchisee to acknowledge that he is not violating any restrictions of former employees or other previously-owned franchises and that he or she will not disclose or use any trade secrets of any former employers or other previously-owned franchises in the operation of the present franchise.
- **No. 5:** Stress the importance of maintaining secrecy of the system's trade secrets and specifically include a statement in the agreement wherein the franchisee acknowledges that he may have access to the franchisor's trade secrets and that these trade secrets have substantial value that provide

- **No. 6:** Include specific provisions in the agreement that restrict unauthorized use and disclosure of the system's trade secrets and prohibit the franchisee from delivering any papers, or publishing any articles pertaining to the franchise or its activities until they are first reviewed and approved by the franchisor.
- **No. 7:** Include specific provisions in the agreement in the event of termination, including: requiring the immediate return of any of the franchisor's trade secret information and any items embodying those trade secrets; requiring acknowledgment that he has no ownership interest in the trade secrets or any items embodying the trade secrets.
- **No. 8:** Include specific guidelines in the operating manuals for protecting the secrecy of the franchisor's trade secrets, including: limiting access to the trade secrets to only those franchise employees that have a need-to-know for the performance of their duties; requiring locking of all offices, file cabinets or storage rooms in which confidential information may be found; providing appropriate legending and treatment of all trade secrets; limiting access to copying and scanning equipment and computers; and password-protecting all computers and encrypting all electronic communications containing references to the trade secrets.
- **No. 9:** Require the franchisee to have every employee who may have access to the franchisor's trade secrets execute an employment agreement having non-disclosure provisions, restrictive covenants, and notice requirements of subsequent employment.
  - **No. 10:** Require the franchisee to conduct periodic meetings with the franchise employees to instruct them as to their responsibilities to maintain secrecy of the franchisor's trade secrets. The franchisee should also conduct severance interviews with any terminating employees in which they acknowledge in writing their post employment obligations to the franchise.





- Intellectual property (IP) concerns the right to **exclusivity** over the **commercial exploitation** of fruits of the creative mind, and of certain signs used in trade.
- By conferring such right on creators, the freedom of the remainder of the society is curtailed in some manner.
- Under licenses of right or compulsory licenses, however, IP only give a right to equitable remuneration
- Intellectual property law includes a closed list (numerus clausus) of objects that may be protected against copying
- The law does not prohibit copying per se. However, creations, ideas and signs recognized by IP law can be protected against copying and may not be copied.

#### Purpose of intellectual property

#### • Economic purpose:

- to encourage investment of resources (human and financial) in certain creative activities by providing an opportunity to recover such investment (especially as regards aesthetic and technological achievements)
- to preserve standards of *loyalty* and *transparency* and enhance *competition* in the marketplace (especially as regards distinctive signs)
- ultimate goal: to contribute towards sustained economic development and higher standards of living



- What is "unfair competition"? "Any act of competition contrary to honest practices in industrial and commercial matters" - Paris Convention Art. 10bis
- UC, in principle, destroys the trust in the development of markets and products.
- "Honest practices"? To draw a line between what are, and what are not, honest practices, fair and unfair competition in industrial and commercial matters will depend on the circumstances of the case and the business approach proper to the country or region.

### Unfair competition (2/3)

- Such practices include acts that:
- create or are capable of creating confusion as to the enterprise, the goods or the industrial or commercial activity of a competitor;
- Formulate false allegations in the course of trade so as to discredit the enterprise, the goods or the industrial or commercial activity of a competitor;
- Indications or *allegations* that in the course of trade are capable of *misleading the public* as to the nature, manufacturing process, characteristics, suitability for their purpose, or quantity of goods.



- Violation of trade secrets
- Taking undue advantage of another's achievement (« free-riding », slavish imitation, parasitic acts)
- Comparative advertising (a) Positive reference (one's product as good as the other) or (b) negative reference (claiming one's good better than the other). In (a) possibility of misappropriation of the other's goodwill if competitor's product is well-known; in (b), competitor's product is criticezed, disparagement arises. Both involve unauthorized reference to a competitor, either mentioned by name or easily identifiable by the public.

### Competition

- The repression of unfair competition along with patents, utility models, trademarks, industrial designs and appellations of origin are the objects of industrial property protection – Paris Convention Art.1(2) and 10bis.
- Acts of unfair competition prejudice competitors and harm consumers :
  - competitors lose customers and market share = there is economic prejudice
  - consumers are misinformed and deceived
     economic and personal prejudice
     (including health hazard)

# Competition Law 1/2

- Different approaches:
  - Specific laws or provisions on repression of unfair competition
    - General clause in line with Paris Convention Art. 10bis combined with specific examples or cases
    - E.g. Germany, Japan, Republic of Korea, China, Spain, Colombia, Peru, Switzerland, etc..
    - The Lanham Act concretely prohibits false statements about a company's products or services that are material for consumers to choose that company's products or services over those of its competitor's
  - General tort law or law against "passing off" and special laws on trade secrets, advertising, consumer protection
    - E.g. France, Italy, Netherlands (Civil Code)
    - E.g. United Kingdom + common law jurisdictions (passing off plus resort to copyright law to cover the gap)
  - Combination of specific and general laws

### Approaches to Unfair Competition Law 2/2

• Examples of approaches: Germany protects competitors and consumers and public at large; Switzerland considers unfair any act that by means of technical reproduction processes and without any corresponding effort takes the marketable results of the work of another; Peru protects both competitors and consumers; Spain protects against acts of unfair competition in the market and with the purpose of competition even between non-competitors; Colombia protects everybody participating in the market, so both competitors and consumers;

### Some basic issues on unfair competition 1/2

- What is not forbidden by law is actually licit or lawful, this a fundamental principle of law.
- Unfair competition is not an IP right in itself, but its protection has been recognized as forming part of IP protection.
- IP rights are, in general, based on registrations (patents, TM) while unfair competition is based on the consideration given by legislative provisions or recognized as a general principle of law prohibiting acts contrary to honest practices.
- Dividing line: unlawful to copy what is protected by an established IP right; lawful to copy all the rest ...

### Some basic issues on unfair competition 2/3

- Exception to general rule of free appropriation:
- Slavish imitation. Where product/indication not protectable or protection has expired, and the efforts and investment of the first one on the market have been used by the imitator saving him significant costs and risks depriving the first one of the benefits of such a headstart.
  - Not to be confused with "reverse engineering" (examining and analizing a product/substance to find out how it is construed and then producing an improved version).

### Some basic issues on unfair competition 3/3

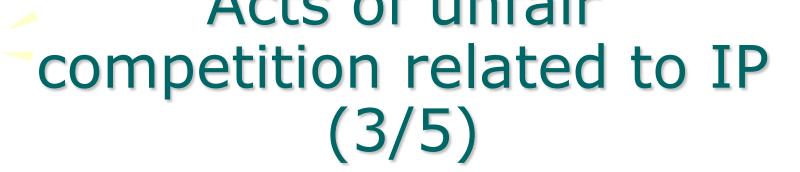
Parasitic competition:" another form of unfair free-riding, characterized by a systematic and methodical appropriation and by the modus operandi of the competitor. (In the US, only if non-functional features are distinctive or have acquired secondary meaning their copying will be recognized as unfair competition.)

### Acts of unfair competition related to IP 1/5

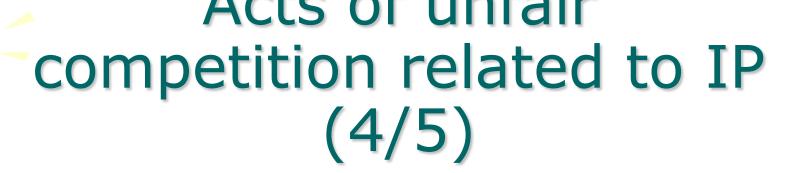
- Acts of unfair competition closely related to IP and also relevant to consumer protection – Paris Convention Article 10bis(3):
  - 1. acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor
  - 2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor
  - 3. indications or allegations the use of which in trade is liable to mislead the public as to the nature, manufacturing process, characteristics, suitability for their purpose or quantity of goods

# competition related to IP (2/5)

- Damaging reputation or goodwill:
  - By acts or practices that are likely to damage the reputation or goodwill of the activities, enterprise or business signs of a competitor
  - **Dilution** of the *reputation* or *goodwill* of a competitor's marks, trade name, business identifiers
  - Dilution is the gradual lessening of



- Disclosure, acquisition or use by others of trade secrets or undisclosed information (TRIPS Art. 39)
  - without the consent of the person lawfully in control of such information
  - through acts or practices contrary to honest commercial practices such as breach of contract, breach of confidence, inducement to breach, espionnage
  - with knowledge or gross negligence in failing to know that the obtention of that information involved such practices



- Know-how and some innovative techniques or achievements may not be patentable for lack of novelty or of inventive step but may still have commercial value. If such information:
- is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances to keep it secret,

it constitutes a trade secret or undisclosed information the

disclosure, acquisition or use by others shall be contrary



- Protection of undisclosed test data TRIPS Article 39.3:
  - WTO members requiring, as a condition for approving the marketing of pharmaceutical or agricultural chemical products utilizing new chemical compounds, the submission of undisclosed test or other data, the origination of which involves a considerable effort, must protect such data against unfair commercial use
  - Members must protect such data against disclosure, except where necessary to protect the public or if steps are taken to protect the data against unfair commercial use

(ex officio protection for three years)

- Issues:
  - Use of test data by national health authorities to grant marketing approval to competing or "generic" products:
    - Is it "commercial use"? Is it "unfair"
  - Data exclusivity provisions in bilateral trade agreements

# Recent Courts' decisions 1/2

- Parody Trademark Does Not Infringe or Dilute.
- Louis Vuitton challenged defendant's use of CHEWY VUITON for toys for dogs. Because the defendant was using the challenged designation as a trademark for its own products, the anti-dilution "fair use" parody defense did not apply, but a successful parody would not cause dilution by blurring or tarnishment of the plaintiff's famous mark. - Louis Vuitton Malletier S.A. v. Haute Diggity Dog – US District Court, Virginia, 11/2007
- Re-Branding Product is Not Reverse Passing Off.
- In Syngenta Seeds, Inc. v Delta Cotton Co-op it was held that no reverse passing off claim was proven where a defendant bought plaintiff's trademarked crop seeds and re-labeled them with its own name. A person who bought defendant's re-labeled seeds could never know that it had purchased the plaintiff's trademarked product US District Court, Arkansas, 7/2006

### Recent Courts' decisions 2/2

• Doria v. Amuse – 4/2006 Tokyo District Court –Claimed failed because Section 2(1)(iii) of UCA provides for injunctive relief and damages when the plaintiff has developed himself and marketed the goods copied; as proved by defendant the plaintiff's goods had been developed by a Chinese company that had probably copied them from the defendant's supplier (configuration not the plaintiff's achievement – unclean hands defence). Defence: either plaintiff has not spent time and money to develop goods or defendant independently developed marketed goods.

In Japan protection from copying shape only during three years, from date on which shape of goods imitated was completed or protetype produced. Similar provision under Republic of Korea UCA art. 1(ix)(a).

### **Deceptive Advertising**

### Legal standard:

How likely is an ad to mislead a reasonable consumer in a decision to purchase?

#### Valentine v. Chrestensen (1942)

City sanitation ordinance against commercial leafleting F.J. Chrestensen advertised U-boat tours Second printing included political message. Commercial ad & price on the front "Political protest" printed on the back Supreme Court held the handbill was primarily advertising lacking First Amendment protection.

## Pittsburgh Press v. Pittsburgh Human Relations Comm. (1973)

Help Wanted ads separated into male and female sections

Organization of ads enabled illegal employment discrimination

Didn't affect editorial content

Dissents note problems w/ government reviewing newspaper layout

# Pennsylvania Human Rights Comm. v. Pittsburgh Press (1979)

PA Sup Ct ruling, cert denied by SCOTUS Distinguished between SITUATION Wanted ads and HELP Wanted Jobseekers could list their own gender, race or religion. Law only prohibits discrimination in hiring by employers, not individuals' right to own attributes

## Central Hudson Gas and Electric v. PSC of NY (1980)

#### Four-part test:

Is advertisement deceptive or product illegal?

Does the state have a valid interest in regulating the speech?

Does the law properly advance that interest?

Is the law narrowly tailored?

# Greater New Orleans Broadcasting Assoc. v. U.S. (1998)

- FCC banned broadcast of casino ads in Louisiana and Mississippi, except tribal casinos & govt lotteries. Casinos could advertise on billboards and in newspapers
- Federal ban unconstitutional as applied to Louisiana-based broadcasters because advertising legal service
- Govt's rationale that "powerful sensory appeal" of television and radio makes broadcast ads more enticing of gambling overturned.

### 44 Liquormart v. Rhode Island (1996)

- RI banned ads including liquor prices in newspapers and other media, & even the word "sale."
- Sup Ct rejects idea that ads with prices would increase liquor sales & drunk driving
- Price advertising properly goes to competition, not consumption

### 44 Liquormart v. Rhode Island (1996)

"a state legislature does not have the broad discretion to suppress truthful, nonmisleading information for paternalistic purposes"

**Justice Stevens** 

### Kasky v. Nike, Inc. (2002)

- Nike responds to investigative reports on alleged overseas sweatshops with public statements disavowing poor conditions.
- Kasky sues under CA false-advertising law.
- CA Sup Ct notes because Nike's speech intended to provide consumers with positive image of its products, therefore commercial speech and can be tested for truthfulness
- **US Sup Ct remands without opinion.**

### **Patronage**

Branti v. Finkel (1980), public employment is not a right, but once the government hires you, it cannot fire you for your political affiliation.

Rutan v. Republican Party (1990),
patronage practices may not affect
"promotion, transfer, recall and hiring
decisions involving low-level public
employees."

### Connick v. Meyers (1983)

Employee circulates survey implicitly criticizing management because of her reassignment and is fired.

Sup Ct ruled that a public employee's criticism of the government lacks constitutional protection if it does not involve a matter of public concern.

### Tinker v. Des Moines Independant. Community School District (1969)

Students may express their own opinions as long as they do not "materially and substantially interfere with" the operation or requirements of the school or impinge on the rights of others.

### Minersville School Dist. v. Gobitis (1940)

Sup Ct rules (8-1) that public schools could compel students to salute the American Flag and recite the Pledge of Allegiance despite religious objections

After case, mobs burn down JW churches, beat JWs and – in one case castrate, in another tar and feather (literally)

Mobs largely organized by American Legion

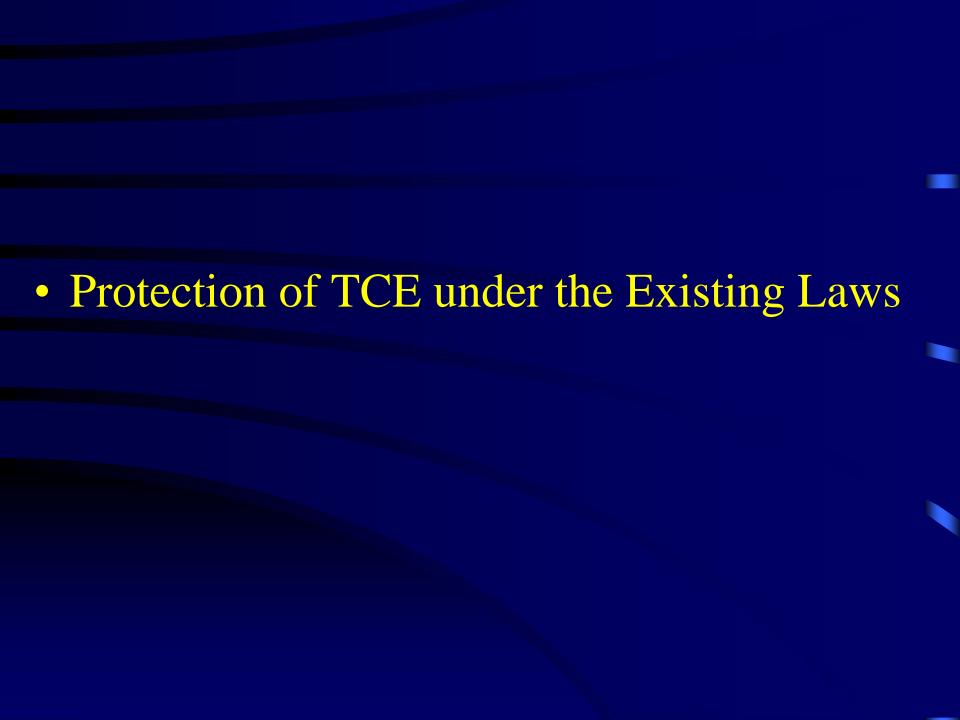
### West Virginia State Board of Education v. Barnette (1943)

"If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein."

### Developments in IPR

#### Scope of Discussion

- This paper will focus of the possible IP protection under Malaysia law in relation to the following:
  - Literary and artistic productions, such as music and visual art;
  - Performances of TCEs;
  - Designs embodied in handicrafts, textiles, carpets and other creative arts;
  - Secret TCEs;
  - Indigenous and traditional names, words and symbols;
  - TK in relation to patent; and
  - Genetic resources.



#### No Sui Generis Law

- In Malaysia, as yet, there is no specially enacted legislation to protect traditional cultural expressions.
- Also, generally there is no incorporation of TCE related provisions into the current IPR legislative framework.
- However, there are some provisions in these statutes which may in some situations provide for some kind of both positive and defensive protection.

- The following types of works are usually protected:
- Literary works,
- Artistic works,
- Musical works
- Sound recordings,
- Films,
- Broadcasts
- Published editions
- Performers' right

- Therefore, in principle, many of the TCEs are protectable subject matters under copyright law.
- However, in terms of fulfilling the conditions for subsistence of protection and duration, there would be problems satisfying the requirement of the copyright law.

- Originality
  - -The "originality" requirement: copyright protects only "original" works, and many traditional literary and artistic productions are not "original" in this sense.
  - On the other hand, adaptations of TCEs can be protected as "original" copyright work and designs, leading to calls for "defensive protection"

#### Fixation

- The fixation requirement in many national copyright laws prevents intangible and oral expressions of culture, such as tales, dances or songs, from being protected unless and until they are fixed in some form or media.
- TCE that is "fixed" (documented etc) in some or other form might be protected by copyright or related rights
- The protection vests not in the content of the TK itself but rather in the form in which it has been expressed or in the recording itself
- Further, rights in recordings and documentation of TCEs vests in the person responsible for these acts of fixation, and not in the TCE bearers.

### Fixation

 Even certain "fixed" expressions may not meet the copyright requirement as an artistic work, such as face painting, body painting and sand carvings.

– Sand painting?

- Merchandising Corp. of America Inc. & ors v. Harpbond Ltd & ors [1983] FSR 32
- Facial make-up The second plaintiff was Adam of the pop group Adam and the Ants. He devised new make-up for himself based on Red Indian facial markings. These comprised two broad red lines done in grease paint, with a light blue line between, running diagonally from nose to jaw on one cheek, a heart over the left eye-brow, and a beauty spot by the left nostril.
- The first plaintiff commissioned the taking of a series of photographs of the second plaintiff in his Prince Charming look, and their reproduction in publications throughout the world.
- The defendants painted a portrait of the second plaintiff in the new look.
- It was held that facial make-up was not a painting within section 3 of the Copyright Act 1956, United Kingdom. It was a question of fact in any particular case whether what was being considered was or was not a painting.
- Furthermore, a painting must be on a surface. If there were a painting in this case, it must be the make-up marks plus the second plaintiff's face. If the marks were taken off the face, there could not be a painting.

### Ownership

- Copyright protection requires the identification of a known individual creator or creators to determine the ownership of rights.
- It is difficult, if not impossible, however to identify the creators of TCEs, because TCEs are usually communally created and held and/or because the creators are simply unknown and/or unlocatable.
- The very concept of "ownership" in the IP sense may also be alien to many indigenous peoples.
- Further, the concept of "communal ownership" of a tribal artwork is not recognised under the Copyright Statute.
- See Bulun Bulun and Another v R & T Textiles Pty Ltd 41 IPR 513 "Copyright is entirely a creature of statute. As the Act provides that the author of an artistic work is the owner of copyright in it, save in cases of joint authorship, the Act precludes any notion of communal or group ownership in an artistic work unless that work is a "work of joint authorship.

- Term of protection
- The limited term of protection in copyright, related rights and industrial designs protection is said to be inappropriate for TCEs.
  - First, it fails to meet the need to protect TCEs in perpetuity or at least as long as the community exists.
  - The limited term of protection requires certainty as to the date of a work's creation or first publication, which is often unknown in the case of TCEs.
- BUT see: s. 17(2) Copyright Act 1987:
- "Where a literary, musical or artistic work had not been published before the death of the author, copyright which subsists in such work under this Ac shall continue to subsist until the expiry of a period of fifty years computed from the beginning of the calendar year next following the year in which the work was first published."

## Performers' Right

- Performers are protected under the Copyright Act under the performers' right provision in relation to their live performances.
  - Section 3 defines "live performance" to include "a performance in relation to expressions of folklore".
- This definition clearly protects the rights of performers of "expressions of folklore".

### Performers' Right

- The exclusive rights given to a performer: Section 16A
- (1) Performers' right shall be the exclusive right to control in Malaysia-
  - (a) the communication to the public of a live performance, except where the live performance used in such communication is itself a live broadcast performance;
  - (b) the fixation of an unfixed performance;
  - (c) the reproduction of the fixation of a live performance ...
  - (d) the first making available to the public of a fixation of a live performance, or copies thereof, through sale or other transfer of ownership; and
  - (e) rental to the public of a fixation of a live performance, or copies thereof, irrespective of the ownership of the copy rented.
- However, these exclusives rights cease to exist once the performers have consented to the fixation of the performance.

### Performers' Right

- Equitable remuneration section 23B
- If there is a public performance of a sound recording of their performance, the performers are entitled to an equitable remuneration for each public performance.
- This right to equitable remuneration subsists from the time the sound recording is published until the expiry of a period of fifty years computed from the beginning of the calendar year next following the year of publication.
- Problem: The protection is only in relation to a particular performance. There is nothing to prevent a third party from copying all elements of the performance and coming out with their own protected performance.

- Under the Industrial Design Act 1996, on compliance with certain formalities, a design can be registered if it is new or original
  - However, traditional designs are not "new" or "original" for industrial designs protection.
  - On the other hand, contemporary adaptations of TCEs can be protected as "original" designs.
    - Application by indigenous community
    - Application by outside applicants
      - –Need for "defensive protection" against misappropriation?

- Is defensive protection under the Industrial Design Act 1996 possible:
- Section 13 "Industrial designs that are contrary to public order or morality shall not be registrable."

- Possibility of Revocation or Cancellation of wrongly registered industrial designs:
- Section 27(1) At any time after the registration of an industrial design, any person may apply to the Court
  - -(a) ...;
  - (b) for cancellation of the registration of industrial design on ground that registration of the industrial design has been procured by unlawful means;
- The Registrar also has the power to order the revocation of the registration of an industrial design on any other ground as he thinks fit.

- Rectification of Register
  - any entry made in the Register without sufficient cause,
  - fraud in the registration, or
  - if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

- Defensive Protection of traditional names, words and symbols
  - Words, names, designs, symbols, and other distinctive signs associated with indigenous communities can be prevented from being registered as trade marks by non-indigenous entities under the Trade Marks Act
  - The Act contains several provisions to ensure that this possibility will not occur, or if it occurred, can be rectified or invalidated.

- Registered Trade Marks: Prohibited Marks
- Under the Trade Marks Act 1976, a mark will be prohibited from registration for, among others, the following reasons:
  - If the use of the mark is likely to deceive or cause confusion
  - If it comprises any scandalous or offensive matter (offends religious sensibilities, sacred etc)
  - If it would be contrary to law:
  - See Karo Step Trade Mark [1977] RPC 255 infringement of copyright belonging to another person

- Section 45. Rectification of the Register.
- (1) Subject to the provisions of this Act -
- (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;
- (b) ...
- (c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

- The Agricultural and Processed Food Products Export Development Authority of India (APEDA), Tamil Nadu Agricultural University and Ors v Syarikat Faiza Sdn Bhd Case D-25IP-1-2010
- The Ponni Rice case name of a rice variety cannot be validly registered as a trade mark
- Ponni rice was first developed by Tamil Nadu Agricultural University. The popularity of Ponni rice can be attributed for its low glycemic index, which helps in the control of diabetes, obesity & cholesterol.
- Many rice dealers import Ponni rice & sell it under different names. One of them is, Syarikat Faiza Sdn Bhd which has been importing Ponni rice from India and distributing it in Malaysia as Herbal Ponni Rice, under the brand name, 'Taj Mahal, Ponni.'
- On 10<sup>th</sup> January 2006, Faiza obtained registration of 'Ponni' as a trademark for rice in Class 30 of the Malaysian Trademark Act.
- Faiza then sent legal notices to other importers asking them not to use the word 'Ponni' to describe their product.

- On Jan 22, 2010, the Indian Agriculture Export Promotion Agency, along with Tamil Nadu Agricultural College, Indian farmers and two exporters filed an action to have the mark "Poni" removed from the Register under section 45 as an entry made on the Register without sufficient cause and/or an entry wrongfully remaining in the Register.
- Justice Azahar Mohamed held that the term 'Ponni' cannot be exclusively used by Faizal since the term describes a rice variety from Tamil Nadu and is recognized by customers as such. Exclusive use of the term would lead to consumer confusion. Further, the registration of PONNI as a trade mark is prohibited by section 14(1) of the Act on the ground that the use of the said word is likely to deceive or cause confusion.
- Therefore the trade mark was ordered to be expunged from the Register.

### Tort of Passing Off

- The common law action for the tort of "passing off" or unfair competition
  - The above action can be used to prevent misappropriation of reputation associated with TCEs.
  - Examples of misleading trade practices caught by this tort would include:
    - False claims as to "authenticity" or community association or endorsement.
    - Situation when a distinctive "style", symbol, signs etc associated with a particular traditional community is used in products not made by that community.
- In addition, the aforementioned activities could give rise to a criminal action against the wrong doer under the Trade Description Act.

### Breach of confidence

- Under breach of confidence law, persons in possession of confidential or secret information and who are in a position of confidence, can be stopped from revealing such information.
- Nature of the Obligation:
  - Can arise from contractual relationship:
    - Express stipulation
    - Implied Stipulation
  - In the absence of contract, under equitable obligations.

## Nature of the Obligation

- To be entitled to a remedy under breach of confidence law, three conditions must be satisfied.
  - The information itself must be capable in law of being protected – i.e., confidential information
  - That information must have been obtained in circumstances imposing an obligation of confidence.
  - There must be an unauthorised use of that information to the detriment of the party communicating it.
- Protection is under the common law

# Types of Information Protected

- The categories of information that could be protected:
  - TRADE SECRETS
  - LITERARY and ARTISTIC WORKS
  - PERSONAL SECRETS
  - PUBLIC and GOVERNMENTAL SECRETS
  - See also Foster v Mountford 14 ALR 71 protection of information of deep religious and cultural significance to the Aborigines.

### Geographical Indications Act 2000

- Besides the use of certification mark under the Trade Marks Act 1976, indigenous communities can also rely on the Geographical Indications Act 2000 to provide both positive and defensive protection.
  - Section 2 "Geographical indications" means an indication which identifies any goods as originating in a country or territory, or a region or locality in that country or territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin"

### Geographical Indications Act 2000

- Some product of traditional communities such as handicrafts qualify as "goods" under the Act and can be protected by geographical indications.
  - Section 2 "Goods" means any natural or agricultural products or any product of handicraft or industry"
- If a name has traditionally been associated with a product from a particular region, both both positive and defensive protection is possible under the Geographical Indications Act 2000.
  - Example: Labu sayong the famous black gourd-shaped clay pitcher found in Sayong, in the district of Kuala Kangsar, Perak, Malaysia.

### Geographical Indications Act 2000

• The Act is especially useful for the indigenous community since protection can be secured without the need for registration.

- S 3. Protection under this Act shall be given to a geographical indication -
- (a) regardless whether or not the geographical indication is registered under this Act; and
- (b) ...

 Protection of Traditional Knowledge and Genetic Resources under the Present Laws

### Genetic Resources as a Source of Wealth

- "An ethical battle rages as prospectors scour the globe to find and profit from organisms that could cure some of the world's worst diseases".

  (Dealing in DNA, Tim McGirk, TIME, November 30, 1998, p 58)
- "... Organisms that are of no apparent use may be tomorrow's saviours." (The Value of Biodiversity, Rick Cannell, Financial Times, July 21, 1998)
- "Scientists ... realise that forests and oceans hold a bounty of useful chemicals - " (Nature's Drug, William Underhill, Newsweek, November 7, 2005, p 50)

# Paradigm Shift

- From Common Heritage (Article 1 of the FAO International Undertaking on Plant Genetic Resources 1983)
  - unrestricted access
- To National Sovereignty
  - controlled access (CBD 1993)
    - Prior informed consent
    - Benefit sharing
- In relation to traditional knowledge:
  - "equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices"

# Mandatory Obligations under TRIPS - 1

• Art 27(1) - ... patents shall be available for any inventions, whether products or process, in all field of technology, provided that they are new, involves an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology ...

# Mandatory Obligations under TRIPS - 2

- Art 29 Conditions on Patent Applicants
- (1) Member shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art ....

• Question: Should the patent application be required to contain disclosure of information relating to source of genetic resources, evidence of prior informed consent and benefit sharing?

### Conflict in the International Arena?

- The World Trade Organisation's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 1994
  - -Obligates
  - -Private rights
- Convention on Biodiversity (CBD) 1992
  - -Empowers
  - -Public rights

### Protection of TK and GR - Work in Different Fora

- Convention on Biological Diversity 1992
  - Nagoya Protocol on Access and Benefit Sharing 2010 [Note: As of 9 July 2012, the Protocol has 93 signatures and 5 ratifications. The Protocol will enter into force on the 90th day after the date of deposit of the 50th instrument of ratification, acceptance, approval or accession by states or regional economic integration organizations that are parties to the Convention]
- World Trade Organisation TRIPS: Efforts to add a new Article 29bis to the TRIPS Agreement [To provide for mandatory disclosure of source of genetic resources and evidence of PIC and benefit sharing]
- World Intellectual Property Organisation
  - Negotiation for an International Agreement for the protection of genetic resources, traditional knowledge and folklore

Are TK and GR protected under our Intellectual Property Laws?

- Back to Malaysia:
- Are Traditional Knowledge and Genetic Resources protected under our Intellectual Property Law?
- Note:
- Genetic resources per se, as encountered in nature, are not IP.
- Since they are not creations of the human mind they cannot be directly protected as IP.

# Malaysia's Response to the CBD - Policies

- Policies:
- Malaysia has already in place several policies related to biodiversity conservation and sustainable use:
  - National Policy on Biological Diversity,
  - National Forestry Policy,
  - National Policy on Environment and
  - National Policy on Wetlands,
  - National Biotechnology Policy, 2005
  - etc

## Malaysia's Response to the CBD - Policies

- National Policy on Biological Diversity 1998
- Strategy VIII: Review legislation to reflect biological diversity needs legislative framework
- Among Programmes and Activities:
  - Reviewed legislations eg Wildlife Protection Act 1972 is under review to include more holistic biodiversity management
  - Proposed Biosafety Bill by Ministry of Natural resources and Environment [Enacted Biosafety Act 2007, wef from 1 December 2009]
  - Proposed ABS Bill [Access to Genetic Material Bill ] by Ministry of Natural Resources and Environment
  - Proposed Plant Variety Protection Bill [Enacted Protection of New Plant Varieties Act 2004,wef from 20 Oct 2008 ]

# Legislative Response to the CBD – Federal Level

- Legislative Framework:
- In Peninsular Malaysia, currently there is no dedicated law on the protection of genetic resources and traditional knowledge and access and benefit sharing (ABS).
- All the biodiversity related law were legislated prior to the CBD and their main objectives are in relation to the preservation, protection, utilisation and management of the flora and fauna of the country. For example:
  - National Forestry Act 1984, Act 313
  - National Parks Act 1980, Act 226
  - Protection of Wild Life Act 1972, Act 76
  - Fisheries Act 1985 Act 317 etc

### Patents Act 1983

### Patent

- Universal novelty system prior art consist of
   everything disclosed to the public however disclosed
  - So no possibility of oral or "unfixed" traditional knowledge been patented - orally disclosed TK is recognized as prior art in the patent law system
- However, absence of provisions requiring prior informed consent and evidence of benefit sharing, procedure for examining TK related patent application
  - so inventions that were derived from TK may be patented if it satisfies the novelty and inventive sep requirements.
- Possible reform mandatory disclosure rule

#### Protection of New Plant Varieties Act 2004

- Preamble to the Act states, inter alia, that the objectives of the Act is, inter alia, to provide for the recognition and protection of contributions made by farmers, local communities and indigenous people towards the creation of new plant varieties.
- Section 12 of the Act specifies the information and supporting documents that need to be disclosed by the applicant for purposes of application.
  - PIC In relation to cases where the plant variety is developed from traditional varieties, the prior written consent of the authority representing the local community or the indigenous people is required.

#### Protection of New Plant Varieties Act 2004

- There is also a need to furnish information:
  - Relating to the source of the genetic material or the immediate parental line of the plant variety.
  - Documents relating to the compliance with any law regulating access to genetic or biological resources
  - Also documents relating to the compliance of any law regulating activities involving genetically modified organism in cases where the development of the plant varieties involves genetic modification.

#### Protection of New Plant Varieties Act 2004

- Effect of non compliance?
- Section 23 one of the grounds of opposition that the application for registration of the new plant variety and grant of a breeder's right does not comply with the requirement of the Act.
- Also under section 39(2) of the Act in relation to invalidation, the grounds included:
  - that the holder has furnished to the Board false or misleading information or statement in respect of the application for registration of the new plant variety and grant of a breeder's right.
  - that the holder has not complied with the requirement of the Act.

## Economic Planning Unit Guideline

- Circular No. 3/1999 Regulations for the Conduct of Research in Malaysia
- This is a general circular regulating certain researches in Malaysia, and is not specific to researches relating to the natural sciences.
- Problem: This Circular is merely a guideline and does not have the sanction of law.

## Legislative Response to the CBD – State Level

- Unlike West Malaysia, the states of Sabah and Sarawak have already enacted heir own legislation to protect biodiversity which incorporate the ABS elements of the CBD.
- Note: Although not enacted to protect traditional knowledge as such but to incorporate the ABS elements of the CBD, the above two states have enacted laws which impact on the protection of traditional knowledge.
  - 1. Sarawak Biodiversity Centre Ordinance 1997
  - 2. Sarawak Biodiversity Centre (Amendment)
     Ordinance 2003
  - 3. Sarawak Biodiversity Regulations 2004
  - 4. Biodiversity Ordinance Sabah 2000

#### State Level - Sarawak

- Sarawak Biodiversity Centre Ordinance 1997
- Section 35, among others, provides for regulations to be made in respect of the terms and conditions for access to and use of the biological resources of the State or such resources, data, exhibit, information or material kept, stored or maintained in the Biodiversity Centre, and permits to be issued under the Ordinance.
- Pursuant to section 35 of the Ordinance, the Sarawak Biodiversity Regulations, 2004 were made.

#### State Level - Sarawak

- Sarawak Biodiversity Centre Ordinance 1997
- Under the Regulations no permit for access to, collection of and research on protected biological resources shall be issued until the applicant signs a research agreement with the Government as provided in regulations 6 and 21
- One important term to be included in the agreement is in relation to the rights of the Government to patent and intellectual property to or over any discovery resulting from the research undertaken, and where appropriate, the sharing of such rights with other parties to the research agreement.

#### State Level - Sarawak

- Sarawak Biodiversity Centre Ordinance 1997
- Ethnobiological research is regulated under Part VI of the Regulations.
- Besides the requirement for a research agreement, the permit holder may be required to make payment to the natives as reward for the knowledge or information provided by them in connection with the research. Such payment may be made regardless of whether such research results in the commercial development of any medicinal or other products.
- In addition to the above payment, where the research leads to the development of any pharmaceutical or medicinal compounds etc, the patent or intellectual property right to such products shall be shared with the natives involved in the research.
- Problem: No nexus to Patents Act

# **Concluding Remarks**

- Protecting TCC, TK and GR:
- Two main options possible:
  - -i) To revise the existing IP laws to make them more amenable to TK, with both positive and negative rights incorporated within their legal framework.
  - ii) To have a sui generis law recognizing the right of indigenous people to communal property over their TK, TCE and GR

## **Concluding Remarks**

- Domestic legislation alone will not solve the problem of biopiracy
  - Need to have an international agreement
  - Need to have a regional or trans-boundary mechanism for solving dispute relating to:
    - Cross Borders Endemic Species
    - Shared traditional knowledge
    - Shared traditional cultural expressions
- To minimise instances of disputes between neighbours:
  - For example that between Malaysia and Indonesia
    - 2007 Rasa Sayang, batik and wayang kulit
    - 2009 Pendet dispute
    - 2012 Tor Tor dance