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Importance of IP protection for Start-Ups and Schemes by the Government

By – Aayush Sharma

With the need of digitization and manufacturing in India, the government has made considerable steps to launch schemes to facilitate small scale industries and start-ups in the country. As a result, campaigns like “Digital India” and “Made in Bharat” has been promoted. The main idea behind the said schemes was making India digitally sound and manufacturing giant. Looking at the advantages of these schemes, the citizens have start thinking of how to benefit most out of several government schemes to facilitate manufacturing in India and Start Ups. Under these schemes various subsidies have been awarded to the startups to facilitate and promote a feasible environment for the growth of entrepreneurial instinct of people. This move has been envisioned for providing back bone to the economy of India which would pay rich dividends in future.

In the recent years we came across thousands of startups fired up and many exhausted soon after, leading to only few which were able to mature towards long term businesses. In the purview of digital India and made in Bharat, startup can actually shape their ideas or innovation to get most out of it. As often is the case with “new”, the manufacturing involves creativity, it is definite to pave ways for creation of IP and hence it is crucial that proper protection should be sought in this regard.

Ideas or Innovations are fuel for a startup and if the necessary protection measures are not undertaken, it becomes difficult for a startup to continue for long and keep maintain its uniqueness or novelty in India’s competitive market. It would not be wrong to say that Start Ups thrive on intellectual property (IP), accordingly, IP is one of the most important aspect for a Start Up. It has been seen in USA and several European nations, and recently in few cases in India as well, that owing an IP, a startup attracts major investments and in no time transforms into a million dollar entity creating a niche for itself in market. IP often becomes the unique selling proposition (USP) of the Start Up Company’s product or service. Further, it helps in creating an enviable position along with sustainable growth for the Start Up Company. For any technological startup, an IP is a key ingredient and assumes greater significance to get a competitive advantage in the market. It gives investors, clients, and other stakeholders a tremendous sense of assurance and translates into confidence in investing in the Start Up Company. Even if a Start Up is launched comparatively late in the market, its IP makes the Start Up a market leader amongst its peers.

There are various forms of IP namely as Patents, Trademarks, Designs, Copyright, Trade secret etc under which a start-up can protect their idea or concept/ product/ process/ associated symbols, logos, brand name.

Problem faced by startups:

Although the knowledge about the IP rights in India is budding but people still need assistance and knowledge so as to decide properly about method of protection required for their ideas and products. Various questions would have been arise in the mind before the launch of any IP:

a) **Best time to protect IP** - IP must be protected right from the birth. The inventor should not wait for any best time because this may lead to the risk of infringement and to get back your rights
load of litigation may occur and lastly cause loss to the IP. Hence, it is not a prerogative to plan for the protection of IP rights after all the planning are finished for the business. A proper planning should be executed from the very first day. For example, publication of an invention before the Patent filing can harness the protection rights and can lead the invention. Similarly in a trademark the same is required to be promoted from day one. Even if the production and distribution of a product is not started then also there is a need to promote trademark in order to make it distinctive. Hence each and every moment is important for planning of IP rights and should be given equal importance.

b) **Best IP to protect**: The choice of IP protection can sometime be a difficult problem for a novice. For example a product can have various shapes and same can be protected under different IP protections provided in India. A design or a shape of a product can be a subject matter of trademark, copyright as well of design. In order to safeguard right related to a distinctive shape it is of utmost importance that the proper mode of protection should be chosen to get maximum out of the intellect put in creation of the shape dealing with the same issue or to take proper legal guidance from an expert in the field.

c) **Search before filing**: IP rights are individual based rights and provide monopolistic rights in nature hence a lack of research before establishing a business can prove to be detrimental. There are many reasons to search the patent archives for prior patents. For example, before filing a patent application on a new invention, it is often a good idea to search to determine whether someone else has already patented the invention. Obviously, there is no point in filing a patent application if someone else has already patented the exact same idea. Also, performing a patent search will help provide a clearer picture of what aspects of your invention are new and which ones have already been protected or claimed by others.

d) **Not to disclose before launch**: In India, ‘first to file’ system is applicable for patents. First person to file an application to patent an invention is the one entitled to have a patent on it. In the present age of social media, it is of utmost importance that secrecy should be maintained during the development of an idea/product.

**Steps taken and IP reforms initiated by the Government**

1. The scheme of Startups Intellectual Property Protection (SIPP) aims to promote awareness and adoption of intellectual property rights among startups. The scheme is inclined to nurture and mentor innovative and emerging technologies among startups and assist them in protecting and commercialize it by providing them access to high-quality IP services and resources.

   a) The government has empanelled several facilitators, who are required to provide IPR-related services to startups without charging anything from them. All the charges shall be bear by the government in order to encourage young entrepreneurs and innovation.

   b) Fast-tracking of patent/trademark applications
c) 50% rebate on filing of applications.

2. Industrial promotion body DIPP and the World Intellectual Property Organization (WIPO) have joined hands to establish Technology and Innovation Support Centers in the country which is expected to boost generation and commercialization of intellectual properties. They also provide an impetus to knowledge sharing, capacity building and sharing of best practices among the over 500 TISCs operating worldwide by giving the host institutions access to global network. The services offered by TISCs may include access to online patent and non-patent (scientific and technical) resources and IP-related publications; assistance in searching and retrieving technology information; training in database search; on-demand searches (novelty, state-of-the-art and infringement); monitoring technology and competitors; and basic information on industrial property laws, management and strategy, and technology commercialization and marketing.

3. In order to take forward the National IPR Policy and to enhance creativity, innovation, competitiveness and economic growth among startup in India, it is imperative to harness IP. In view of this, the government has launched Scheme for IPR awareness– Creative India; Innovative India. This scheme will help in realizing the goals of the National IPR Policy. Enhanced IPR awareness amongst the citizens of the country would result in an increased IP portfolio of the country – this would mean an increase in the IP’s generated domestically, increased competitiveness of the Indian industry both domestically and globally as well as economic growth.

Conclusion

At times it has been noticed that Start Ups have this tendency to limit their budget when it comes to IPR protection. There has been instances where the core team of a Start Up company gets so engrossed in development of the product and deliverables that much thought is not given on protection of IP rights, hence, leading to loop holes in IP protection and exclusion during initial stages of the product/service development. In present times, one of the most important aspects amongst Indian Start Ups is to continuously work on identifying their IP and carefully consider due registration and protection of the same. The need of the hour is to consciously work on planning, setting aside time and funds to protect the IP which eventually becomes one of the most precious assets for the Company.
Trademark Bullying: Another David vs. Goliath saga

By - Shrabani Rout

The United States Patent and Trademark Office (USPTO) defines trademark bullying/trademark trolling as "the vexatious practice of a trademark owner that uses its trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow." Interestingly, trademark bullying is not a new phenomenon. For years giants like Adidas, Facebook and eBay have been intimidating and bullying relatively smaller businesses into abandoning their marks.

It is one thing for a company to be aware of its intellectual property rights and protect its investment in brand development but a company should also know the fine line of difference between bonafide trademark enforcement and trademark bullying. Trademark bullying can take many different shapes and forms, but typically the trademark bully asserts these rights though a cease and desist letter. A trademark bully may demand that the small business owner cease using the small business's creatively developed mark that has very little similarity to the trademark bully's mark or is being used with significantly different goods or services.

A trademark bully has a misguided belief that it has a monopoly over the mark and employs a protection strategy to try and stamp out all uses of its mark, even when the small business or individual is using the bully's mark in a descriptive manner rather than functioning as a trademark.

Adidas Inc especially has been notorious in enforcing its trademark rights over its famous "three stripes" logo. However, Adidas took it a little too far when it sued Juicy Couture Inc for using three stripes on its clothing, Puma and Riedell for using four stripes on its soccer shoes and Forever 21 for using three stripes on its clothing.

Therefore, On March 3, Forever 21, Inc. sued Adidas American, Inc. in the Central District of California (2:17-cv-01752), asking for a declaration that its clothing decorated with stripes does not infringe Adidas' trademarks, and suggesting that Adidas is a trademark bully. The Court is yet to pass a judgment in the matter and it remains to be seen whether Forever 21 will stick to its suit or be bullied into a settlement.

Facts of the Case:

Forever 21 Inc. is a well-known, international retailer of specialty clothing headquartered in Los Angeles, California. Recently, Forever 21 launched its new brand of clothing which contained a few designs with stripes, pictorials of which are shown as under:

Adidas America, Inc and Adidas AG sent a cease and desist notice to Forever 21 demanding that Forever 21 discontinue all sales of certain clothing items containing stripes.


2 CASE NO. 2:17-cv-01752
stripes as they were infringing the registered three stripes trademark of Adidas. Earlier, Forever 21 has strictly claimed that they do not use stripes as a trademark or source identifier on any of its clothing items. Any use of stripes on clothing sold by Forever 21 is ornamental, decorative, and aesthetically functional. None of these items of clothing display any of Adidas’s three-stripe marks, and no consumer is likely to believe any of these items are manufactured by, or otherwise associated with, Adidas.

Frustrated with Adidas’s bullying tactics, Forever 21 filed the above suit seeking a declaratory judgment that Adidas cannot claim monopoly on all kinds of striped clothing. Adidas has previously sued clothing and shoe manufacturers who have used two stripes, four stripes involving multiple widths and colors. In the cease and desist letter, in addition to demanding that Forever 21 immediately discontinue all sales of striped clothing, Adidas also asked Forever 21 to provide them an accounting of all striped clothing sold.

It is to be noted here, that all of Adidas’s Registrations feature three parallel stripes of equal width while none of the ornamental designs on the striped clothing involve three parallel stripes of equal width. Therefore, it is prima facie evident that the cease and desist letter sent by Adidas was a disguised threat that if Forever 21 did not comply with their claims, it will be dragged into a long drawn out legal battle.

**Trademark Bullying: Modus Operandi**

Trademark bullies usually employ the same tactics when it comes to aggressive enforcement of their trademark rights.

1. The trademark bully is almost always a large entity with significant economic and legal resources, case in point being Adidas here, whereas the victim is usually a much smaller business or more likely a competitor in the same field.

2. Send them a standard cease and desist letter on a huge law firm’s letterhead stating how successful you’ve been prosecuting small businesses with regards to your trademarks.


4. Initiating trademark opposition / cancellation proceedings.

After receiving a cease and desist, most companies are bullied into a settlement and the trademark bully gets the victory it wanted.

Like Adidas, eBay which is another multination ecommerce operation has recently sued NatureBay, which has been started by a school teacher named Justin Lewis to “support the good, the green and a place where local, environment friendly companies can freely sell their goods.” The very fact that eBay would want to claim rights over the generic term “bay” is outright ridiculous as no one can be given such a broad monopoly with regards to the trademarks they own.3

The primary potential harm to the target is financial. A small entity or individual often does not have the means to challenge the bully and must rebrand, resulting in rebranding costs and a loss in value they may have

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developed for the brand. Potential direct and indirect costs may include:

- Having to take the accused products off the shelves.
- Loss of market share.
- Injury to reputation from being sued.

**Legal standpoint in India**

Section 142 of the Trade Marks Act, 1999 provides for remedies against groundless threat of legal proceedings.

The section provides remedy to a proprietor of a trademark from the unjustified and groundless threats of any person (the person making the threat may or may not be the registered proprietor or the registered user of the trademark). In such a suit, the person making the threat must satisfy the court that the trade mark is registered and that the acts in respect of which the proceedings were threatened, constitute, or if done, would constitute, an infringement of the trademark.

However, the section does not apply if the person making the threat (the person being either a registered proprietor or a registered user) with due diligence commences and prosecutes an action against the person threatened for infringement of the trade mark.

The Delhi High Court in the case of *Sh. Manoj Kumar Maheswari trading as Supreme Suhag Sticker Bindi vs. Tips and Toes Cosmetics Pvt. Ltd.* held that,

"Section 142 is intended to give relief in cases where irresponsible and unjustified threats are made and published in order to injure another person’s trade. In such cases the person threatened would be entitled to come to court and have it adjudicated that such threats are groundless. But the said section is not intended to prevent a person from instituting a suit alleging passing off. A suit for passing off may be deemed to be a proceeding similar in nature to a proceeding in respect of the infringement of a trade mark within the meaning of Section 142."

**Conclusion**

Trademark bullying can negatively impact the bully too. In today’s digital and social media age, the victim can start a deliberate negative media campaign against the bully and damage the reputation of the brand. There can also be viral campaigns by consumers and advocacy groups. In such a scenario, a public relations backlash may be more costly than any kind of sanction or lawsuit. Broad negative publicity may destroy the brand’s reputation and turn away customers of the social media generation.

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\[4\] High Court of Delhi, CS (OS) NO.1338 of 2002
RCEP - A threat to India's title of Pharmacy of the World

By- Monika Shailesh

By virtue of existing free-trade agreements amongst the East Asia countries, the trade and economic relations amongst the said countries have always been high and thriving. The Association of South-East Asian Nations (ASEAN) has free trade agreements with six of its member countries, namely, People’s Republic of China (ACFTA), Republic of Korea (AKFTA), Japan (AJCEP), India (AIFTA) as well as Australia and New Zealand (AANZFTA). In order to broaden and deepen the engagement among said nations and to enhance the nations’ participation in economic development of the East Asian region, the leaders of the 16 participating countries established the Regional Comprehensive Economic Partnership (RCEP).

It was reported that the RCEP was built upon the existing ASEAN+1 FTAs with the spirit to strengthen economic linkages and to enhance trade and investment related activities as well as to contribute to minimizing development gap among the parties. The purpose of initiating RCEP negotiations is to complete a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement among the ASEAN Member States and ASEAN’s FTA partners. The RCEP negotiations commenced in early 2013 which included trade in goods and services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, small and medium enterprises (SMEs) and other issues.\(^5\)

Out of the various areas of Co-operation as defined in the agenda of RCEP, the provisions on the Intellectual Property rights (IPR) are imminent threat for the India’s hard-earned title of “Pharmacy of the World”. India has always followed a very cautious and balanced approach towards its policies of rural development and Industrialization. India has always shown a great deal of inclination towards providing an accessible and affordable healthcare and medicines. IP provisions of RCEP as anticipated will prove to be a major cause paradigm shift in its social welfare policies, if agreed. Despite the fact that India being a very strong proponent and user of TRIPS flexibilities, being a developing country in the region, it now finds itself in the midst of trade negotiations that could severely restrict its ability to use the TRIPS flexibilities.

Though the draft of RCEP negotiations has never been made public, its chapter on intellectual property was leaked in October 2015. The chapter contained some provisions favoring big pharmaceutical companies which should be a matter of concern for the member countries, especially India. As per the leaked RCEP provisions, it is anticipated that a number of provisions contained in the TRIPS-plus will be brought up on the negotiating table when Trade ministers of 16 RCEP countries, including India and China, will meet in Philippines to review the progress of the mega agreement and resolve issues holding back the negotiations. Below are some of the provisions that were identified from the leaked chapter of RCEP:

Data exclusivity: Few participating developed countries are forcing developing countries to incorporate the provision of data exclusivity in the policy framework. Data exclusivity means that an innovator has to submit clinical trials data to the drug regulator. And such data can be used by the generic medicine

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manufacturers. With data exclusivity implemented the generic manufacturers will not be able to register their medicine till the time data exclusivity is in force. This will allow a few years of monopoly to the innovator company.

**Patent term extension:** Developed countries participating in RCEP have been asking for the extension of patent term which is currently 20 years. The argument behind this provision is that the amount of time wasted in getting the regulatory approval and the delays at patent office reduces the effective patent term. With the extension of patent term, the big pharma companies of these developed nations want to keep the generic manufacturers at bay for a longer time. The reason behind bringing this provision as quoted by innovator companies or developed nations, is that it is required to recoup the research and development (R&D) costs. However, these arguments are completely rejected by the socialist groups on the ground that the profits earned by the innovator company are many times higher than the cost incurred on the R&D. A further extension in patent term will shift the approach from social welfare to corporate welfare.

**Lenient patentability criteria:** The IP reforms proposed in RCEP are in direct conflict with the section 3(d) of Indian Patent Act. This proposal seeks to weaken the criteria while deciding the patentability of an innovation. Patent Act specified that inventions are patentable only if they differ significantly in properties with regard to efficacy. Currently section 3(d) of Indian patent act stands in the way of big pharma companies that intent to extend the patent term on medicines via Evergreening. This will make medicines inaccessible not only for Indian patients but for those in the entire developing world. In addition, since India has rightly fought against ‘TRIPS plus’ provisions in its FTA negotiations with EU and European Free Trade Association, there is no rationale for it to change its stance in RCEP. Critical safeguards provided under TRIPS to protect public health include (among others) the sovereignty of countries to adopt stringent patentability criteria to guard against the granting of unmerited patents, as well as opposition procedures that allow third parties (including civil society and patients) to oppose patent applications and granted patents.

**Accelerated patent examination:** It is a well-known fact that the patent offices in developing countries are judged based on the speed with which they grant patents, rather than the quality of patents that is granted. The provisions included in the IP reforms in the RCEP, on one hand makes the patent examination a complex system; on the other hand it calls for a fairly expedited patent granting. It should be noted here that expediting the patent examination would lead to an increase in patent grants to poor quality ideas and Evergreening of patents. Evergreening is strategy by which producers extend their patents over products that are about to expire, in order to retain royalties from them. This will in turn undermine the ability of developing countries like India to protect public health rights. India must oppose any demands in RCEP that calls for expedited patent examination, limiting the grounds and eligibility for filing patent oppositions and examination standards that benefit patent applicants.

**IP as an investment:** Just like the provision in Trans pacific partnership (TPP or TPPA), RCEP also advocates treatment of IP as an investment made by investor companies. This could force the participating countries to setup Investor State Dispute Settlement (ISDS) mechanism that will treat IP as an
investment. ISDS mechanism will enable private companies and big corporate houses to raise investment disputes against the host country whenever they anticipate that the legal regime in the host country will not favor them. These disputes could be initiated by MNCs and especially the pharmaceutical industries that have until now had their hands tied in front of the Indian laws and the judiciary. This would undermine the independence of the Indian judiciary in issuing orders related to enforcement of patent laws.

**CONCLUSION:** Few participating countries have been pressurizing India to agree to the provisions laid down in the IP reform chapter of the RCEP and the same was again evident at the 19\textsuperscript{th} round of RCEP negotiations that were held in Hyderabad. India must take a firm stand against such reforms and resist any style of pressure. To date, India has been a worldwide frontrunner in creating a patent law that balances the rights of inventors and public health. India must protect its progressive patent laws. The government must consider a revised bilateral investment treaty that reduces investor’s rights as compared to other versions of ISDS. If trade dialogues are truthfully meant to benefit society then they must be freed from their shrouds of confidentiality and brought into the public domain. In this vein, a process for public oversight and input into RCEP’s negotiations must be urgently established. Otherwise, like many trade agreements before, RCEP will amount to corporate capture of India’s patent system. All the governments participating in the RCEP must align their own interest with the interest of poor and respect the right of every human being towards the access of affordable healthcare system.
Interpretation of Section 16 of the Patents Act: Analysis of merits of Divisional Application in India

By- Saipriya Balasubramanian

Introduction

In its recent decision the Indian Patent Office (IPO) on 8th September 2017, rejected the patent application number 2342/KOLNP/2007 as divisional application to original application IN/PCT/2001/00370 as it was found that there is no distinction between the purported mother application and the purported divisional application and they are covered under single inventive concept. Therefore, the said application lacked the merit of a divisional application. The facts of the case and detailed examination and decision taken thereof, by the Controller is discussed below.

Facts of the case

The Application 2342/KOLNP/2007 was filed on 25/06/2007 as divisional application to parent application IN/PCT/2001/00370 dated 29/03/2001 claiming US as priority (29/09/1998). It was found that the objections raised in the First Examination Report issued on 21/11/2012 were still outstanding even after the expiry of last date for putting the application in order of grant. A hearing was held on 22/03/2016 and after careful consideration of the documents and written submissions such as amended claims by the Applicant, the Controller refused to consider the present application as divisional application under Section 16 of the Indian Patents Act.

Objections raised in the FER

The Controller mentioned that the subject matter and the scope of the alleged invention is identical to those of the invention disclosed in mother invention. Due to this, the filing of the present application as divisional is not allowed when Section 16 is read with the section 10(5) of the Act. Also, the claims of the present application are anticipated by the claims of mother application as per section 13 of the Indian Patents Act.

Regarding the amended claims 1 to 13, the Controller stated that the present invention appeared to be too broad and speculative in scope as the definition of the substituents is non-limitative. Further the amended claims are non-compliant with Section 3(d) of the Act. Claim 12 of the present invention claimed a composition that seemed to be mere admixture and the comparative study shown in the specification did not reflect any synergistic effect. Hence, the said invention attracted the provisions of Section 3(e) as well. Amended claim 14 is purported as an Omnibus claim that does not have any legal basis and is not allowed as per Section 10(4)(c) as per Indian Patents Act 1970.

Applicant’s Submission

The Applicant has submitted that with regards to Section 16(2) of the Indian Patents Act, the “further application” shall be accompanied by a complete specification, but such a complete specification shall not include any matter not in substance disclosed in the complete specification filed in pursuance of the parent application. The applicant argued that as per Section 16(2) of the Indian Patents Act, the disclosure of the further application and parent application must be identical.

The applicant has submitted amended claims in line with those granted on the counterpart US Patent 6288082. Asserting the basis on which the said amended claims were submitted, the applicant mentioned that as
per Section 16(3) of the Indian Patents Act, the further application may be pursued with amended claims which are directed to a separate embodiment.

The other objections were met by the applicant through amended claim 1 by incorporating the limitations corresponding to claims 2, 4, 6, 8 and 9. Claim 11 was amended to be an independent claim and Omnibus claim 14 has been deleted.

With regards to objections under Section 3(d) and 3(e) of the Indian Patents Act, the applicant has submitted the pharmacological test results in the specification. The other required documents were submitted by the Applicant.

**The Controller’s Analysis and Decision**

The Controller stated that the said parent application IN/PCT/2001/00370 was examined as per provisions of the Patents Act and First Examination Report (FER) was issued on 30/06/2006. The Controller noted that the applicant did not submit the reply to said FER instead filed the present divisional application 2343/KOLNP/2007 on 25/06/2007 and submitted a request of withdrawal of the said parent application under section 11(B) (i) of the Patents Act, read with Rule 26 of the Patent Rules.

**Observations**

The Controller observed that the aforesaid parent application was filed with 16 claims, wherein claims 1-11 and wherein claims 1 and dependent claims 2-11 relate to compound having Formula-1; Claim 12-14 relate to method of treatment, claim 15 relate to pharmaceutical composition comprising compound of formula-1 and a pharmaceutical carrier; Claim 16 relate to process of preparing a compound of Formula-1 or a pharmaceutically acceptable salt thereof. Analysis led to the observation that the claims 1-16 of parent application are identical with claims of present divisional application.

The present divisional application was examined and FER was issued on 21/11/2012. The major objection being non-allowability of divisional status under Section 16 of the Patents Act. The Applicant in their reply to FER, submitted that “the order/verdict of the IPAB on not granting divisional status to divisional applications filed with identical claims as in the present case has been challenged before the High Court at Calcutta”.

The Applicant did not submit any order of Hon’ble High Court regarding the verdict of not granting divisional status to divisional applications filed with identical claims. The amended claims submitted by the Applicant during hearing has claims 1-6 wherein claim-1 and dependent claims 2-4 relate to compound having Formula-1; claim 5 relate to pharmaceutical composition comprising compound of Formula-1 and claim 6 relate to process for preparing a compound of Formula-1 or a pharmaceutically acceptable salt thereof. Therefore, the Controller further observed that amended claims 1-6 of the present divisional application, submitted by the applicant in response to the hearing are also identical with that of claims (1, 5, 6, 10, 11, 15 and 16) of the parent application.

The Controller further referred to Section 7(1); Section 10(5) and Section 16 of Indian Patents Act 1970, pertinent to the present scenario,

**Section 7: Form of application. -**

7(1) Every application for a patent shall be for one invention only
Section 10(5): The claim or claims of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification.

Section 16 deals with Power of Controller to make orders respecting division of application:

A person who has made an application for a patent under this Act may, at any time [before the grant of the patent], if he so desires, or with a view to remedy the objection raised by the Controller on the ground that the claims of the complete specification relate to more than one invention, file a further application in respect of an invention disclosed in the provisional or complete specification already filed in respect of the first mentioned application.

(2) The further application under sub-section (1) shall be accompanied by a complete specification, but such complete specification shall not include any matter not in substance disclosed in the complete specification filed in pursuance of the first mentioned application.

(3) The Controller may require such amendment of the complete specification filed in pursuance of either the original or the further application as may be necessary to ensure that neither of the said complete specifications includes a claim for any matter claimed in the other.

The Controller considered the aforesaid sections of the Patents Act and mentioned that "the present divisional application is mere duplication of the parent application which eventually is a contravention of Section 16 and section 10(5) of the Act.

IPAB order in LG Electronics Vs Controller of Patents and Others

With regards to the present application, the Controller discussed the Order of Honorable IPAB in LG Electronics Vs Controller of Patents and Others case which was issued on 10/08/2011 (Order No. 111/2011) in respect of application no: 1191/KOL/2005 . The major highlights of the decision are as follows

“"The Concept of divisional application in patent law basically addresses the issues of allowability of protection of multiple inventions disclosed in one patent application, where these multiple inventions do not constitute a single inventive concept. The protection of multiple inventions through divisional application is available in the Patents Act 1970 under the provisions of Section 16 and Section 10(5) "

The Hon’ble Board has upheld the decision in the LG Electronics and has concluded that "We are convinced that the phrase ‘if he so desires’ used in Section 16 is not unconditional and it does not give the applicant an unqualified liberty to file a divisional application even when there is no situation of plurality of distinct inventions contained in the mother application” [Para 25 of the decision]

“Accordingly, on plain reading of the above referred provisions it is evident that if the claims of the invention disclosed in one
application do not relate to single invention or to a group of inventions forming a single inventive concept, the applicant can file further application as divisional application out of that application either of his own (suo moto) or when the objection of disclosure of more than one invention is raised by the Controller.

It is further stated that whether the specification cover more than one invention, it is for the Controller to decide” [Paragraph 22 of the order]

**Conclusion:**

In view of the above findings, the Controller inferred that the present application 2342/KOLNP/2007 does not qualify for a divisional status as per Section 16 of the Patents Act. Since the divisional status of the present application is not allowed, the Controller did not discuss the remaining objections. Therefore, the application 2342/KOLNP/2007 was refused by the Controller to proceed to grant under Section 15 of the Patents Act.

**IPAB order in SYGENTA PARTICIPATIONS AG Vs Controller of Patents and Others**

In another other, Order No.19 of 2013 dated 29/01/2013 in SYGENTA PARTICIPATIONS AG Vs Controller of Patents and Others in respect of patent application no. 748/DEL/2002, IPAB order states that “the word “division” cannot mean split one invention into splinters, it can only mean splitting one application into more than one so that each application is for a separate invention. That is how the word “division” can be understood.” [Paragraph 22 of the Order].

Prevention of Infringement by Recordal of Patents at Customs Authorities

By - Suchi Rai

Introduction:

The nuisance of cross-border counterfeiting and infringement of patents has assumed huge proportions in the present times. National Customs & Border Protection prevents the cross-border movement of counterfeits and pirated goods infringing intellectual property rights. Import of goods that infringe intellectual property into India is also prohibited under the Customs Act, 1962. To implement the same, the Government of India, in 2007, notified the ‘Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007’ (IPR Rules 2007) with a vision to protect the exclusive IP rights provided by the statute and prevent infringing goods transportation at the borders.

Rules:

The IPR Rules 2007 came into force on 8 May 2007 by the Central Government in exercise of powers conferred by Section 156(1) read with Section 11(2)(n) and 11(2)(u) of the Customs Act, 1962. In pursuance of the same, the Central Board of Excise and Customs (CBEC) implemented an IPR Module to facilitate right holders to file IPR notices. The registration imposes an administrative duty on the Custom Department to protect the right-holder against violation of respective IPR rights.

Infringing goods are defined as “goods which are made, reproduced, put into circulation or otherwise used in breach of the intellectual property laws in India or outside India and without the consent of the right holder or a person duly authorized to do so by the right holder”\(^1\).

Notice:

A ‘Notice’ in writing by the right holder is required to be submitted at the Port of Import of allegedly infringing goods requesting suspension of clearance of such goods. The Notice is then registered by the Commissioner of Customs for a minimum period of one year, subject to execution of a bond and an undertaking to protect the importer, consignee and the owner of the goods and the competent authorities against all liabilities and to bear the costs towards destruction, demurrage and detention charges incurred till the time of destruction or disposal, as the case may be. The right holder also executes an indemnity bond indemnifying the Customs authorities for all liabilities and expenses on account of suspension of the release of allegedly infringing goods.

The right holders may also be called upon for providing any information and assistance including technical expertise and facilities for the purpose of determining whether the suspected goods are, in fact, counterfeit or infringe their intellectual property rights. The right holders are also required to join the proceedings without delay once the suspension of the allegedly infringing goods is effected by the Customs Authority. On account of delay of more than ten working days in joining of proceedings from the date of suspension of clearance, there is a provision leading towards release of goods provided that all other conditions of import
of such goods under the Customs Act, 1962, have been complied with.

**Prohibition of Patented Goods:**

Import is prohibited of products made or produced beyond the limits of India and intended for sale in India for which a patent subsists in as per the Patents Act, 1970, except in cases where the consent from the Patentee in India has been obtained. Further, such prohibition is not applicable to the cases where import is allowed as per provisions of the Patents Act, 1970.

Import is prohibited, of products - obtained directly by the process made or produced beyond the limits of India and intended for sale, where patent for such process is in force under the Patents Act, 1970, except in cases where the consent from the Patentee in India has been obtained. Further, such prohibition is not applicable to the case where such importation is allowed under the Patents Act, 1970.

**Registration:**

- Patentee/Right holder is required to give a written notice to the Commissioner of Customs at the port of import of goods infringing IPR, requesting to suspend the clearance of counterfeit or infringing goods.
- Documents required along with the notice are:
  a. Proof of existence and ownership of valid IPR [Granted Patent Number/Certificate];
  b. Authorization from the right holder [Power of Authority from Patentee];
- The information needed for the notice is required to be furnished within 15 days.
- The right holder is under obligation to inform customs authority when he ceases to be the right holder [Patent Term Expiration] or when his intellectual property ceases to be valid.
- The notice by the right holder is either registered or rejected within 30 days by the authorities.
- The validity of registration of the notice is of minimum one year from the date of registration.

**Suspension of Goods:**

- The Customs Department can ex-officio suspend clearance of the alleged counterfeit or infringing goods or put on notice, if the department has prima-facie evidence or reasonable grounds to believe the goods to be counterfeit.
- Customs is under duty to inform the right holder immediately about suspension of clearance of goods with the reasons for such suspension.
- The Goods suspended of clearance, are required to be released:
  - within 10 days (extendable further by 10 days), when the right holder fails to join proceedings in cases of suspension by Notice;
  - within 5 days, when the right holder fails to give notice or fails to fulfil the obligation of executing bond in cases of suspension by Department’s own initiative.
For perishable goods, the period of suspension is 3 days.

Customs is also authorized to seize and confiscate the infringing goods where it has reasons to believe that the goods are infringing intellectual property and thus liable to be confiscated under the Customs Act.

Customs is under duty, upon request by importer, to provide the name and address of the right holder and other relevant information relating to the goods suspended from clearance.

The right holder is under an obligation to provide custom authorities with the necessary information enabling them to identify infringing goods. The Custom authorities then seek information, from the importer, regarding the person by whom the goods are consigned to India and the address of the person to whom the goods are sent to, in India.

The Right holder is authorized to examine the suspended goods and to provide samples for examination and analysis to determine whether the goods infringe intellectual property rights.

The department is required to provide, upon request by the right holder, name and address of the importer and other relevant information relating to the goods suspended from clearance.

The counterfeit or infringing goods upon confiscation or seizure are destroyed or disposed by the Department after obtaining ‘no objection’ certificate from the right holder. The time period for raising objection by the right holder to the mode of disposal is 20 days. Counterfeit goods are not to be re-exported in an unaltered state.

In order to safeguard the rights of Patentee in the patented invention, the IPR Rules 2007 to prevent the infringement of patented invention at ports is surely a step in the right direction and requires the proactive participation of patentee in providing the notice to customs and assisting in identifying the infringing goods.

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