Foreword

It is a matter of great pleasure that Committee on Trade Laws and WTO has decided to issue publications on emerging areas for Chartered Accountants in the field of International Trade Laws and WTO.

Globalization of trade and economy of countries around the world has brought to the forefront, the importance of Intellectual Property creation, acquisition, administration and exploitation. Many international agreements to regulate grant and exploitation of Intellectual Property Rights have been signed between countries of the world either bilaterally or in the form of multilateral agreements. The establishment of World Trade Organization and signing of TRIPS agreement (1994) to which India is a signatory has sharply focused the role of Intellectual Property in international trade. All the countries that are signatory and party to World Trade Organization (WTO) are committed to ensure that they put in place IPR systems in their respective countries as per the TRIPS Agreement.

Throughout the last decade, IPR has been a subject of intensive discussion within India. The opinions expressed have varied from total opposition to the very idea of conferring intellectual property rights to whole-hearted support to the TRIPS Agreement. A need for educating all those who are potential actors in the IPR regime, and its effect is, therefore, obvious.

The present publication provides a comprehensive explanation of the laws relating to Intellectual Property Rights. I am sure that this publication will serve as a useful tool of information for Chartered Accountants in this emerging field of IPRs. I appreciate the initiative taken by the Chairman of Committee on Trade Laws and WTO, CA. Rajkumar S. Adukia and all the Members of the Committee in bringing out this publication. I would also like to put on record the contribution of CA. Satpal Singh Khanuja who has prepared the basic draft of this publication.

New Delhi.                   CA. T.N. Manoharan
February 2, 2007                        President
Ideas and knowledge are an increasingly important part of trade. Most of the value of new medicines and other high technology products lies in the amount of invention, innovation, research, design and testing involved. Films, music recordings, books, computer software and on-line services are bought and sold because of the information and creativity they contain, not usually because of the plastic, metal or paper used to make them. Many products that used to be traded as low technology goods or commodities now contain a higher proportion of invention and design in their value—for example branded clothes or new varieties of plants.

Creators can be given the right to prevent others from using their inventions, designs or other creations—and to use that right to negotiate payment in return for others using them. These are “intellectual property rights”. They take a number of forms. For example books, paintings and films come under copyright; inventions can be patented; brand names and product logos can be registered as trademarks; and so on. Governments and Parliaments have given creators these rights as an incentive to produce ideas that will benefit society as a whole.

The importance of intellectual property in India is well established at all levels statutory, administrative and judicial. India ratified the agreement establishing the World Trade Organization (WTO). This agreement, inter-alia, contains an Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), which came into force from 1st January 1995. It lays down minimum standards for protection and enforcement of intellectual property rights in member countries, which are required to promote effective and adequate protection of intellectual property rights with a view to reducing distortions and impediments to international trade. The obligations under the TRIPS Agreement relate to provision of minimum standard of protection within the member countries legal systems and practices.

India is also a member of the World Intellectual Property Organisation (WIPO), situated in Geneva. The objectives of WIPO are to promote respect for use of intellectual property throughout the world through cooperation among Member States and to ensure administrative cooperation among the intellectual property unions. The protection is promoted through Conventions and Treaties administered by it.

India, as a developing country, had a transition period of five years (with effect from 01 January, 1995) i.e., till January 01, 2000 to apply the provisions of the Agreement. An additional transition period of five years, i.e., till January 01, 2005, was also available for extending product patent protection to areas of technology not protected so far. This would be mainly in the areas of pharmaceuticals and agricultural chemicals.

India provides for the protection and enforcement of different fields of intellectual property through specific national legislation as well as the Code of Civil Procedure and the Code of Criminal Procedure by way of civil remedies and criminal penalties. These provide effective deterrence to infringement of IPRs.

The present publication is an attempt to provide guidance to Chartered Accountants in practice and in service and others concerned to have an insight into the laws relating to intellectual property rights. The publication tries to develop a lucid understanding of the relevant national and international law.
and procedures in these regards. I sincerely hope that readers would find it useful. I am thankful to CA. Satpal Singh Khanuja who has painstakingly authored the basic draft of the publication. I would like to place on record my sincere thanks to all the members of the Committee on Trade Laws and WTO for the year 2006-07 namely, CA. T. N. Manoharan, President, CA. Sunil Talati, Vice-President, CA. Manoj Fadnis, Vice-Chairman, CA. S. Gopalakrishnan, CA. Amarjit Chopra, CA. Harinderjit Singh, CA. Pankaj I. Jain, CA. V. Murali, CA. Uttam Prakash Agarwal, Shri Jitesh Khosla, Shri Sidharth Birla, CA. Bhavna G. Doshi, CA. Kishore S. Peshori, CA. Abhay V. Arolkar, CA. K. Ravi, CA. R. Panchapakesan, CA. V. Srinivasu, CA. Jagdeep Singh Chopra, CA. Venugopal C. Govindan Nair, Shri M. K. Anand, Joint Director, Ministry of Commerce & Industry and Shri P. K. Patni, Deputy Controller of Patents and Designs for rendering their support in bringing out this publication and all the initiatives taken by the Committee during the year.

Mumbai.                        CA. Rajkumar S. Adukia
January 29, 2007                    Chairman, Committee on Trade Laws and WTO
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Form PV – 2 – Proof of right to make application
1. INTRODUCTION

1.1. History of IPR

The first known and recorded instances of recognition and protection of intellectual property law relate to Copyright. Copyright has evolved over several centuries, keeping pace with changing ideas about creativity, incentives and respect for individuals new communications media and markets, from printed books to digital television broadcasts.

The scholars of Ancient Greece and the Roman Empire were the first to be concerned about being recognized as the authors of their works, but they did not have any economic rights. It was not until the invention of printing in the late fifteenth century that a form of copyright protection was devised. Until then, the copying of any manuscript or an original work was a painstakingly slow process done mainly by religious scholars. It was in limited form and mostly related to copying religious works for orders and the royal courts of Europe. The majority of population was illiterate; only privileged members of society had access to these manuscripts.

The ability to print books easily, cheaply and in large volumes raised the issue of illegal copying and piracy. As the number of printers increased in England, the Monarch exercised the royal privilege to regulate the trade in books to protect printers against piracy. It was the Licensing Act of 1662, which established a register of licensed books, along with the requirement to deposit a copy of the books to be licensed. Deposit was administered by the Stationers' Company who were given powers to seize books suspected of containing matters hostile to the Church or Government. By 1681 the Licensing Act had been repealed and the Stationers' Company had passed a by-law that established rights of ownership for books registered to a number of its members so as to continue regulating the printing trade themselves.

In 1709 Statute of Anne was passed into law on 10th April 1710 and copyright in books and other writings gained protection of an Act of Parliament. Prior to this, disputes over the rights to the publishing of books could be enforced by common law.

The passing of the Statute of Anne, which was the first Copyright Act in the world to deal with this issue, introduced two new concepts - an author being the owner of copyright and the principle of a fixed term of protection for published works. The Act also brought about the depositing of nine copies of a book to certain libraries throughout the country. Subsequent Copyright Acts introduced copyright protection for other works. The term of protection was also extended.

A prime example of this occurred, when the Empires of Austria and Hungary invited several countries to participate in an international exhibition of inventions held in Vienna in 1873. Many countries refused to display their inventions in view of inadequate legal protection.

This incident had a far-reaching impact; the Congress of Vienna for patent reforms was convened in 1873, following which an international congress on industrial property was convened in Paris in 1875.

A final draft proposing an "International" union of laws was prepared by France and sent to other countries with an invitation to attend the international conference in Paris in 1880. "The Paris Convention" as it was called, concluded in 1883. Since then, the Convention has been subject to several revisions. In 1967 in Stockholm, the last revision was made to the Paris Convention by which an international organisation was formed to administer and promote intellectual property on an international level — the World Intellectual Property Organisation (WIPO).
The main principles of the Paris Convention state that nationals, of any country, who are signatories to the convention, will enjoy the same treatment (with respect to "industrial property" laws) in other countries, as if they were nationals of the respective countries. The Paris convention did not include the term "intellectual property" but only "industrial property". This necessitated an international Convention to curb rampant piracy in the area of literary and artistic works. The Berne Convention for the protection of literary and artistic works was adopted in the year 1886 with an objective to facilitate uniformity in the level of protection granted in all the member countries. The Convention has since then gone through several revisions to adapt to the practical changes in the field of copyright law.

Knowledge and innovation in India is not a new phenomenon. It is as old as the civilization itself. The invention of the numerical ‘Zero’, the basis of the whole arithmetical system is a result of India’s historical innovative adventures. One cannot even comprehend the situation where the right of usage of the number zero is protected by IPR laws of today as this would pose as a big financial burden on individuals, corporate, researchers and persons in every walk of life as the number zero is indispensable. India is home to vast amounts of traditional knowledge - traditional systems of medicine and healthcare, like Yoga, Ayurveda, Unani and Siddha (both systems of medicine), traditional agriculture, and more. Knowledge is the basis of the development of the Intellectual property and India has no dearth of it.

India’s IPR history is also in tune with the international recognition and it was as early as 1856 when the first IPR legislation was enacted in British India. The Act relating to Patent Rights introduced in 1856 granted exclusive privileges to the inventor of new methods of manufacturing for a period of 14 years.

This Act was amended on the lines of the British Patent Law (1852) and re-enacted in 1859. The monopoly granted to the inventor was known as "exclusive privileges".

Subsequently, several changes to the law in this field were introduced through various enactments, which paved the way to the Indian Patents and Designs Act 1911. The realisation that the laws were not designed to motivate or protect Indian inventors led to the enactment of the more progressive Indian Patents Act of 1970. After this period the modern day statutes were enacted from time to time with amendments in tune with international Conventions and Agreements.

**1.2. What is Intellectual Property?**

An intellectual is a person who uses his or her intellect to work, study, reflect, speculate on, or ask and answer questions with regard to a variety of different ideas. Cultural "intellectuals" are persons with notable expertise in culture and the arts, expertise which allows them some cultural authority, and who then use that authority to speak in public on other such matters.

- Intellect is defined as-
  - capacity for thinking and acquiring knowledge, esp. of a high or complex order; mental capacity.
  - a particular mind or intelligence, esp. of a high order.
  - a person possessing a great capacity for thought and knowledge.
  - minds collectively, as of a number of persons or the persons themselves.

Property designates those things that are commonly recognized as being the possessions of an individual or a group. A right of ownership is associated with property that establishes the good as being "one's own thing" in relation to other individuals or groups, assuring the owner the right to
dispense with the property in a manner he or she deems fit, whether to use or not use, exclude others
from using, or to transfer ownership.

Properties are of two types one is tangible property and the other is intangible property i.e. one that is
physically present and the other which is not in any physical form. Building, land, house, cash, 
jewellery are few examples of tangible properties which can be seen and felt physically. On the other
hand there is a kind of valuable property that cannot be felt physically as it does not have a physical
form. Intellectual property is one of the forms of intangible property, which commands a material
value that can also be higher than the value of a tangible asset or property.

India is a signatory to the agreement establishing the World Trade Organization (WTO), which came
into force on 1.1.95. The WTO Agreement, inter alia, contains an Agreement on Trade Related
Aspects of Intellectual Property Rights (TRIPS), which prescribes the minimum standards to be
adopted within stipulated time frame by the member countries in respect of the following seven areas
of intellectual property:

- Copyright and related rights;
- Trademarks;
- Geographical indications
- Industrial designs;
- Patents;
- Layout-designs (Topographies) of integrated circuits; and
- Protection of undisclosed information.

India is also a member of the World Intellectual Property Organisation (WIPO), situated in
Geneva. The objectives of WIPO are to promote respect for use of intellectual property throughout the
world through cooperation among Member States and to ensure administrative cooperation among the
intellectual property unions. The protection is promoted through Conventions and Treaties
administered by it. The major ones are:

- Paris Convention for the protection of industrial property rights in inventions, trademarks and
  industrial designs, etc.
- Berne Convention for the protection or copyright in literary, musical and artistic works, etc.

India is a member of both Conventions.
2. RIGHTS PROTECTED UNDER INTELLECTUAL PROPERTY

2.1 Introduction

Intellectual property rights is a collective term used for following independent IP rights which can be collectively used for protecting different aspects of an inventive work and are classified as:

- Patents
- Copyrights
- Trademarks
- Industrial design
- Protection of Integrated Circuits layout design,
- Geographical indications, and
- Biodiversity
- Plant varieties

Intellectual property is a creation of mind and intellect, such creation which has the capability of commercial exploitation. Intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. Intellectual property relates to knowledge and information which can be incorporated in tangible objects and can be commercially exploited by giving a right of usage by the holder of the right over such property.

Intellectual Property rights allow the creators or owners to have the benefits from their works when these are exploited commercially and are statutory rights governed in accordance with the provisions of corresponding legislations. Intellectual Property rights reward creativity & human endeavour which fuel the progress of humankind.

Once granted, Intellectual Property rights allow the creator(s) or owner(s) {individuals, enterprises or other entities} of the intellectual property to exclude others from exploiting the same commercially for a given period of time. IPR are granted to an inventor or creator, designer in lieu of the discloser of his/her knowledge. Intellectual Property is intangible property consisting of bundle of rights. The property imbibed from the intellectual capacity of a human brain for instant invention, design of an article, literary or artist work, symbols/trade marks, having commercial value and the same is not available in the public domain. The peculiar feature of such rights is that they relate to pieces of information that can be incorporated in tangible objects. The protection to the right holder is given to ideas, technical solutions or other information that have been expressed in a legally admissible form and that are, in some cases, subject to registration procedures. IPRs can stimulate trade, investment, innovation and technology transfer for development. IPRs provide a vital incentive for investment in expensive biotechnological research. They give companies the safeguards necessary to encourage them to commercialise their products.

2.2 Intellectual property Classification

Intellectual property could be broadly divided into two main areas:

- Industrial property, covering inventions, trade marks, industrial designs, and protected designations of origin; including Data protection of the information related to them, and;
Copyright represented by literary, musical, artistic, photographic, and audio-visual works.

India had as early as 1856 recognized the importance of Intellectual Property when the first Patent Act was promulgated in 1856. The rights covered under Intellectual Property Rights and protected under the domestic laws are as follows:

- Copyrights and related rights
- Trade Marks
- Geographical Indications
- Industrial Designs
- Lay out Designs of Integrated Circuits
- Protection of Biodiversity
- Patents
- Plant varieties

India provides for the protection and enforcement of different fields of intellectual property through specific national legislation as well as the Code of Civil Procedure and the Code of Criminal Procedure by way of civil remedies and criminal penalties. These provide effective deterrent to infringement of IPRs. The Rules and Laws governing the above Intellectual Property Rights under the domestic law are as follows:

- The Copyrights Act, 1957 and The Copyrights Rules, 1958
- The Trade Marks Act, 1999 and The Trade Marks Rules, 2002
- The Designs Act, 2000 and The Designs Rules, 2001
- The Biological Diversity Act, 2002 and The Biological Diversity Rules, 2004
3. PATENTS

3.1 Introduction

A patent is an exclusive right granted by a country to the owner of an invention to make, use, manufacture and market the invention, provided the invention satisfies certain conditions stipulated in the law. Exclusive right implies that no one else can make, use, manufacture or market the invention without the consent of the patent holder. Patent enables its owners to exclude others from making, using and selling its inventions. This right is available for a limited period of time. In spite of the ownership of the rights, the use or exploitation of the rights by the owner of the patent may not be possible due to other laws prevailing in the country, which has awarded the patent. These laws may relate to health, safety, food, security etc. Further, pre-existing patents in similar area may also come in the way. A patent in the law is a property right and hence, can be gifted, inherited, assigned, sold or licensed. As the right is conferred by the State, it can be revoked by the State under very special circumstances even if the patent has been sold or licensed or manufactured or marketed in the meantime. The patent right is territorial in nature and inventors/their assignees will have to file separate patent applications in countries of their concern.

The Indian Patents Act, 1970 provides patent protection in India. Patents are granted by the Government, for the commercial exploitation of an invention for a specific period of time in consideration of the disclosure of the invention so that on expiry of the terms of the patent the information can benefit the public at large. The same is in accordance with the provisions of the TRIPS Agreement. The conferment of “product patent” along with the “process patent” is another example of such compatibility. The protection to plant varieties has been excluded from the realm of patent law and a separate act has been made for that purpose. Further, the provisions of “international patent application” and “compulsory licenses” are also in conformity with TRIPS Agreement and Doha Declaration respectively.

Term of the patent will be 20 years from the date of filing for all types of inventions. Patents in India are covered under The Patents Act, 1970 and The Patents Rules, 2003.

3.2 Patentable Inventions:

A patent can be granted for an invention which may be related to any process or product. The word “Invention” has been defined under the Patents Act 1970.

“An invention means a new product or process involving an inventive step and capable of industrial application” (S. 2(1)(j))

“new invention” is defined as any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e. the subject matter has not fallen in public domain or that it does not form part of the state of the art;

Where,

Capable of industrial application, in relation to an invention, means that the invention is capable of being made or used in an industry (S. 2 (1) (ac))

Therefore, the criteria for an invention to be patentable are,
1. Novelty

Novelty is crucial for Patent protection. A novel invention is one, which has not been disclosed, before the date on which the application is first filed i.e. the 'priority date'.

Usually, the novelty is lost by:

- prior publication;
- prior public use;
- prior claiming (if it has been claimed in an earlier specification.)

However Section 31 and 32 provide that if the disclosure is before a scientific body or an exhibition notified by the Union Government, then, within twelve months from such publication or display, a patent application can be made.

A non-commercial experimental use does not defeat novelty. But, it is always better to apply for a patent first and publish or exhibit the product after patent application. If such publication or display had occurred prior to the application, it is advisable that a patent attorney be immediately contacted to know whether an application can be made notwithstanding the disclosure.

2. Inventive Step

Previously Inventive Step was defined in Section 2 (1) (j) as, “Inventive step means a feature that makes the invention not obvious to a person skilled in the art”. The said definition has been replaced by Section 2 (1) (ja) as, “Inventive step means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.”

Here definition of inventive step has been enlarged to include economic significance of the invention apart from already existing criteria for determining inventive step.

3. Industrial Applicability

Industrial Applicability: - An invention is capable of industrial application if it satisfies three conditions, cumulatively such that:

- It can be made or produced;
- It can be used in at least one field of activity;
- It can be reproduced with the same characteristics as many times as necessary

3.3 Not Patentable Inventions

There are some products and processes, which are not patentable in India. They can be classified into two categories as per the Patent Act –

- Those which are not inventions (S.3)
- Invention relating to atomic energy (S.4)

Sections 3 & 4 of the Patents Act, 1970 enlist the non-patentable inventions.

Section 3 reads as follows:

The following are not inventions within the meaning of this Act,

- an invention which is frivolous or which claims anything obviously contrary to well established natural laws;
an invention the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment;

the mere discovery of a scientific principle or the formulation of an abstract theory [or discovery of any living thing or non-living substance occurring in nature] (But the dividing line between invention and discovery is very thin a lot of it will depend on the projection of the invention);

the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant;(Explanation Derivatives of a same substance such as salts, esters, ethers, polymorphs, metabolites, new form particle size and other derivatives of the known substance will be considered as the same substance unless they defer significantly in properties with regards to efficacy)

a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance; (A synergistic admixture is patentable. If the admixture discloses new beneficial properties not disclosed by the individual ingredients, the same is patentable)

the mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way;

a method of agriculture or horticulture;(Crop protection chemical and new devices used in agricultural or horticultural operations are patentable)

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

plants and animals in whole or any part thereof other than micro-organisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals;(New plant varieties can be protected under a different law)

a mathematical or business method or a computer program per se or algorithms;(But if the software is responsible for causing an improved technical effect or improves the efficacy of the existing device, then the technical or the improved device can be patented)

a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions;(The same can be protected under the Laws of Copyright)

a mere scheme or rule or method of performing mental act or method of playing game;

a presentation of information;

topography of integrated circuits; (This can be protected under a different law)

an invention which, in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components. (But an improvement to the traditional knowledge complying with the requirement of novelty, utility and non-obviousness can be a subject matter of patent)

And Section 4.:

No patent shall be granted in respect of an invention relating to atomic energy falling within sub-section (1) of Section 20 of the Atomic Energy Act, 1962 (33 of 1962)
3.4 Who May Apply for Patent

Persons entitled to apply for a Patent in India (S.6)

An application for a patent for an invention may be made by any of the following persons either alone or jointly with another

- True and first Inventor
- His/her assignee
- Legal representative of deceased inventor or assignee.

3.5 Where to apply? (Rule. 4)

Application for the patent has to be filed in the respective patent office as mentioned below where the territorial jurisdiction is decided based on whether any of the following occurrences falls within the territory

- Place of residence, domicile or business of the applicant (first mentioned applicant in the case of joint applicants)
- Place from where the invention actually originated.
- Address for service in India given by the applicant when he has no place of business or domicile in India. (Rule 5)

A foreign applicant should give an address for service in India and the jurisdiction will be decided upon that. An applicant (Indian or foreigner) also can give his Patent Agent’s address as address for serving documents if he/she wishes so.

The Patent Office, under the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, performs the statutory duties in connection with the grant of patents for new inventions and registration of industrial designs. Patent Offices are located at Kolkata, Mumbai, Chennai, and Delhi to deal with the applications for patents originating within their respective territorial jurisdictions.

Patent Information System (PIS) located at Nagpur maintains a comprehensive collection of patent specifications and patent related literature, on a worldwide basis and provides technological information contained in patent or patent related literature through search services and patent document supply services.

Intellectual Property Training Institute (IPTI) also located at Nagpur provides training to the officials of IP offices and other users of the system who are working in the field of Intellectual Property Rights.

3.6 Types of Patent Applications

- Ordinary Application
- Application for Patent of Addition (granted for Improvement or Modification of the already patented invention, for an unexpired term of the main patent).
- Divisional Application (in case of plurality of inventions disclosed in the main application).
- Convention application, claiming priority date on the basis of filing in Convention Countries.
- National Phase Application under PCT.
3.7 Rights of The Patentee

Where a patent covers a product, the grant of patent gives the patentee the exclusive right to prevent others from performing, without authorisation, the act of making, using, offering for sale, selling or importing that product for the above purpose.

Where a patent covers a process, the patentee has the exclusive right to exclude others from performing, without his authorisation, the act of using that process, using and offering for sale, selling or importing for those purposes, the product obtained directly by that process in India. These rights created by statute are circumscribed by various conditions and limitations as provided in the Patents Act, 1970 as amended by The Patents (amendment) Act, 2002.

3.8 Register of Patents

The Register of Patents is kept in the Patent offices and can be inspected or extract from it can be obtained on payment of prescribed fee. Register of Patents contains the name and address of the patentee, notification of assignment etc., particulars in respect of validity or proprietorship of patent and payment of renewal fee.

3.9 Action Against Infringement

If at any time the patentee finds that somebody is infringing his patent rights he should inform him in writing that his patent rights are being infringed by his commercial working of the same or related invention. The two parties can amicably settle the problem by licensing etc. But if such settlement by way of arbitration etc. could not be made and the infringement continues, the patentee can sue the infringer. Section 40 of the Indian Limitations Act governs the period of limitation for bringing a suit for infringement of patent, which is three years from the date of infringement. The limitation period for the suit, therefore, runs from the date of infringing act and not from the date of the grant.

The term suit is not defined in the act and its meaning is given under the code of civil procedure 1908. A suit for infringement has to be filed in a district court having jurisdiction to try the suit, the jurisdiction is governed by the C.P.C. the cause of action must have arisen in a place within the jurisdiction of the court where the suit is to be filed.

3.10 Chapter XX of the Act provides for penalties for infringement of the provisions of the act.

- Contravention of secrecy provisions relating to certain inventions (S. 118)

If any person fails to comply with any directions given under section 35 or makes, or causes to be made, an application in contravention of section 39 he shall be punishable with imprisonment up to 2 years or with fine or with both. Amount of fine is not specified.

- Deals with falsification of entries in register etc (S. 119)

If any person makes, or causes to be made, a false entry in any register kept under this Act, he shall be punishable with imprisonment for a term that may extend to 2 years or with fine or with both. Here also amount of fine is not stated. It may be stated explicitly. "Any register" may include documents other than 'Register of Patents' also like cash receipt books, numbering of patent application etc., 'Any person' includes employees of patent office.

- Deals with unauthorized claim of patent rights (S. 120)

If any person falsely represents that any article sold by him is patented in India or is the subject of an application for a patent in India, he shall be punishable with fine that may extend to Rs.100000. The
use of words 'patent', 'Patented', 'Patent applied for', 'Patent pending', 'Patent registered' without mentioning the name of the country means they are patented in India or patent applied for in India.

- Deals with wrongful use of words, "patent office" (S. 121)
  If any person uses on his place of business or any document he shall be punishable with imprisonment for a term that may extend to 6 months, or with fine, or with both.

- Deals with refusal or failure to supply information (S. 122)
  If any person refuses or fails to furnish information as required under section 100(5) and 146 he shall be punishable with fine which may go up to 100000/-.  

  Where section 100(5) provides that any person, including central government undertakings, who is using a patented invention for the purpose of Government has to furnish any information on the use of invention as required by the central government and Section 146 provides that the patentee has to furnish a statement regarding the working of the patented invention in a commercial scale in India in form 27. This has to be done annually within 3 months of the end of each year. If he furnishes false information knowingly he shall be punishable with imprisonment that may extend to 6 months or with fine or with both.

- Deals with practice by non-registered patent agents (S. 123)
  Any person practicing as patent agent without registering is liable to be punished with a fine of Rs.100000/- in the first offence and Rs.500000/- for subsequent offence.

- Deals with offences by companies (S. 124)
  When offence is committed by a company the company as well as every person in charge of and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty and shall be liable to be proceeded against and punished accordingly.
4. COPYRIGHTS AND RELATED RIGHTS

4.1 Introduction

Copyright is a legal right, given exclusively to the creator/originator (or assignee) to make further copies for publication and public performance. Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, *inter alia*, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

The Indian Copyright Act, 1957 protects the copyright and related rights of their owners. Indian Copyright Act affords separate and exclusive copyright protection to the following 7 clauses of work:

- Original Literary Work
- Original Dramatic Work
- Original Musical Work
- Original Artistic Work
- Cinematographs Films
- Sound recording
- Computer Programme

The Copyright Act, 1957 protects the copyright of the holders of the same. Copyright has some closely related rights that confer similar principles of protection. These are called “related rights” or “neighbouring rights”. These rights protect persons, other than the creators, who are involved in the dissemination of copyrighted work. These rights are confined to three specific categories of persons: performers, producers of phonograms and broadcasting organizations. The Copyright Act, 1957 protects “databases” as “literary works” under section 2(o) of the Copyright Act. It must be noted that the definition of “literary work” is “inclusive” in nature and it is capable of encompassing more categories. Secondly, the concept of “compilation” used in this section is itself inclusive in nature and the compilation of “databases” is one of them. The copyright Act protects original compilations as “both” copyright and databases. These two are different Intellectual Property Rights, which are expressly protected not only under the TRIPS Agreement but also equally under the Copyright Act.

4.2 Copyright Protection

Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity. Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

Copyright protection is available if the following two conditions are fulfilled:

- Originality, meaning that the work owes its origin to the author. Originality is different from novelty. An author of the work need not be the first to articulate the ideas or create the work.
Reduction into tangible form. For a work to be protected, it must be written down, drawn, painted or taped. Mere oral expression of idea will not qualify for copyright protection.

Copyright protection is limited to an author’s particular expression of idea, process and concept in a tangible medium. Copyright is only in expression of idea. Copyright is to protect the writer and author from the unlawful reproduction, plagiarism, piracy, copying and imitation. Copyright is negative in nature.

4.3 Subject Matter of Copyright Protection

The Copyright Act, 1957 protects original literary, dramatic, musical and artistic works and cinematograph films and sound recordings from unauthorized uses. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea.

The copyright law does not protect the idea and protects only the method of expression of idea. If an idea can only be expressed in a single way, such expressions cannot be protected under the Law of Copyright. Future commercial expressions of the idea cannot be protected under the Law of Copyright and it can be protected only under the Law of Patent. Categories of works of authorship can include but are not limited to; Literary, Dramatic (including accompanying music) and Musical (including accompanying words or lyrics), Choreographic (including Pantomimes), Pictorial, Graphic, Sculptural, Computer Programs, Motion Pictures, Audiovisual and Sound recordings and Architectural works.

The subject matter of Copyright is generally described as an original creation of authorship that must be fixed in a tangible medium of expression. The works as now known or as later developed, must exist in some physical form. Virtually any form of expression will act as a tangible medium from which they can be reproduced or communicated, directly or using a machine or a device.

4.4 Rights Comprised in Copyright

Once a creation has been fixed in a tangible medium of expression the copyright in that work is protected by copyright law. Acquisition of copyright is automatic and it does not require any formality. However, certificate of registration of copyright and the entries made therein serve as prima facie evidence in a court of law with reference to dispute relating to ownership of copyright. Registration of copyright is an irrefutable proof of first ownership of intellectual property.

Copyright can be ‘assigned’ (sold or given away) by the execution of a written document signed by the copyright owner. It is also possible for you to grant a copyright license, for a limited period of time, for specified forms of reproduction and merchandising, and in limited countries throughout the world. It can be for a specified flat fee or royalty, or both. In this way, you keep the copyright, and control over the merchandising, and still generate income, with the client also achieving their commercial aims.

4.5 Related Rights

4.5.1 The rights in the case of a literary work

In the case of a literary work (except computer programme), copyright means the exclusive right

- To reproduce the work
- To issue copies of the work to the public
- To perform the work in public
- To communicate the work to the public.
- To make cinematograph film or sound recording in respect of the work
To make any translation of the work
To make any adaptation of the work.

4.5.2 The right in computer programmes are also protected under Copyright Act.

All the rights applicable to a literary work owner of the copyright
To sell or give on hire or offer for sale or hire

4.5.3 The rights in a dramatic work

In the case of a dramatic work, copyright means the exclusive right
To reproduce the work
To communicate the work to the public or perform the work in public
To issue copies of the work to the public
To include the work in any cinematograph film
To make any adaptation of the work
To make translation of the work.

4.5.4 The rights in an artistic work

In the case of an artistic work, copyright means the exclusive right
To reproduce the work
To communicate the work to the public
To issue copies of the work to the public
To include the work in any cinematograph film
To make any adaptation of the work.

4.5.5 The rights in a musical work

In the case of a musical work, copyright means the exclusive right
To reproduce the work
To issue copies of the work to the public
To perform the work in public
To communicate the work to the public
To make cinematograph film or sound recording in respect of the work
To make any translation of the work
To make any adaptation of the work.

4.5.6 The rights in a cinematograph film

In the case of a cinematograph film, copyright means the exclusive right
To make a copy of the film including a photograph of any image forming part thereof
To sell or give on hire or offer for sale or hire a copy of the film
To communicate the cinematograph film to the public.
4.5.7 The rights in a sound recording

- To make any other sound recording embodying it
- To sell or give on hire, or offer for sale or hire, any copy of the sound recording
- To communicate the sound recording to the public.

4.6 Ownership of Copyright

Copyright protects the rights of authors, i.e., creators of intellectual property in the form of literary, musical, dramatic and artistic works and cinematograph films and sound recordings. Ordinarily the author is the first owner of copyright in a work.

- Author of a work -
  - In the case of a literary or dramatic work the author, i.e., the person who creates the work.
  - In the case of a musical work, the composer.
  - In the case of a cinematograph film, the producer.
  - In the case of a sound recording, the producer.
  - In the case of a photograph, the photographer.
  - In the case of a computer generated work, the person who causes the work to be created.

4.7 Limitations on Copyright Protection

The duration of the protection depends on the type of copyright.

In case of ‘literary work’ Copyright lasts for the life span of the author and for sixty years after the author's death.

The same principle applies to joint authorship (two or more), with the copyright lasting for the life span of the longest surviving author and sixty years after the longest surviving author’s death.

In the case of anonymous and pseudonymous work the copyright will subsist for sixty years from the date of publication.

Copyright in photographs will subsist for sixty years from the next calendar year of publication.

Copyright for cinematographic films will be sixty years from the next calendar year of publication.

Copyright for sound recording will be sixty years from the next calendar year of publication.

4.8 Piracy and Infringement

The following are some of the commonly known acts involving infringement and piracy of copyright:

- Making infringing copies for sale or hire or selling or letting them for hire;
- Permitting any place for the performance of works in public where such performance constitutes infringement of copyright;
- Distributing infringing copies for the purpose of trade or to such an extent so as to affect prejudicially the interest of the owner of copyright;
- Public exhibition of infringing copies by way of trade; and
- Importation of infringing copies into India.
4.9 Remedies

The Law provides civil and criminal remedies in case of infringement of copyright. Copyright infringement is a cognizable offence where a Police Officer not below the Rank of a Sub-Inspector can arrest the offender without the warrant and conduct the search even without prior authorization of a Court. Any person who knowingly infringes or abets the infringement of the copyright in any work commits criminal offence under Section 63 of the Copyright Act.

Copyright infringement if proved in a Court of Law carries a minimum mandatory sentence of imprisonment of six months and minimum fine of Rs. 50,000, which can extend up to Rs. 2 lakh. The Act further provides that there will be an enhanced penalty in case of second and subsequent convictions.

In Civil Cases, the District Court can be persuaded not only to give an interim injunction without notice to the other party but also usually gives a direction under Order 39 Rule 7 of C.P.C. where a Commissioner appointed by the Court will visit the premises of the infringers and will be empowered to conduct a search of the inventor’s premises and cease infringing material from the infringers premises. The seized material can be used at a later point of time to establish infringement.

Copyrights are regulated under-

The Copyrights Act, 1957 and The Copyrights Rules, 1958 and are administered by Registrar of Copyright and Copyright Board, which specifically ascertain roles and responsibilities. Copyright Office is an Administrative Authority and Copyright Board is a quasi–judicial body headed by a retired Supreme Court Judge.
5. TRADEMARK

5.1 Introduction

“A trademark is the name, symbol, figure, letter, form or device adopted and used by the manufacturer or merchant in order to designate the goods that he manufactures or sells, and to distinguish them from those manufactured and sold by another, to the end that they may be known in the market as his, and thus enable him to secure such profits as result from a reputation for superior skill, industry or enterprise.”¹

A trademark may be a word, symbol, logo, slogan, or any combination thereof that is used to identify and distinguish one person’s goods or services from the goods or services of another, and serves as an indicator of source of the goods or services. Trade mark, is a distinctive sign of some kind, which is used by an organization to uniquely identify itself and its products and services to consumers, and to distinguish the organization and its products or services from those of other organizations. A trademark is a type of industrial property, which is distinct from other forms of intellectual property.

Conventionally, a trademark comprises a name, word, phrase, logo, symbol, design, image, or a combination of these elements. There is also a range of non-conventional trademarks comprising marks which do not fall into these standard categories.

The Trademarks Act, 1999 (TMA) protects the trademarks and their infringement can be challenged by a passing off or/and infringement action. The Act covers the remedies through the well-known common law principles of passing off. At the same time it is in conformity with the recognised international principles and norms set by TRIPS Agreement. Thus, the protection provided under the Act is reliable and secure.

The Act protects a trademark for goods or services, on the basis of either use or registration or on the basis of both elements. A registration of a trademark is always granted only for a limited period of time, but it is renewable without restriction in time. Therefore, a trademark may be protected indefinitely. The TMA protects the following as trademarks:

- Any name (including personal or surname of the applicant or predecessor in business or the signature of the person), which is not unusual for trade to adopt as a mark.
- An invented word or any arbitrary dictionary word or words, not being directly descriptive of the character or quality of the goods/service.
- Letters or numerals or any combination thereof.
- Devices, including fancy devices or symbols
- Monograms
- Combination of colours or even a single colour in combination with a word or device
- Shape of goods or their packaging
- Marks constituting a 3-dimensional sign.
- Sound marks when represented in conventional notation or described in words by being graphically represented.

¹ The Law Lexicon (2nd edition, 2001), page 1908
The right to proprietorship of a trademark may be acquired by either registration under the Act or by use in relation to particular goods or service.

The TMA also protects the trademarks from being acquired in the form of internet “domain names”. A domain name, though properly registered as per the requirements of ICANN, is still subject to the Trademarks Act, 1999 if a person successfully proves that he has ‘rights’ flowing out of the Act.

Section 25(1) of the Trade Marks Act, 1999 provides that the registration of a trademark shall be for a period of 10 years, but may be renewed from time to time in perpetuity.

5.2 Requirements for registration

- The legal requirements to register a trademark under the Act are:
  - The selected mark should be capable of being represented graphically (that is in the paper form).
  - It should be capable of distinguishing the goods or services of one undertaking from those of others.
  - It should be used or proposed to be used mark in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and some person have the right to use the mark with or without identity of that person.

5.3 ‘Use’ Requirements of a mark

For a trademark to be registrable it is not necessary that the trademark must have been in actual use. Even the marks that are proposed to be used can be registered.

5.4 Trademark Registration

Any person claiming to be the proprietor of a trademark used or proposed to be used by him may apply in writing in prescribed manner for registration of a Trade Mark.

5.5 Procedure to be followed before applying for registration

It is advisable to conduct a market survey through an investigating agency etc. to ascertain whether any identical or deceptively similar mark is not used for the same goods by any other person in the market. After ensuring this fact, the Trademark Registration is obtained in the following manner-

5.6 Application

By filing an application in the prescribed form with prescribed fee in one of the five offices of the Trade Marks Registry located at Mumbai, Chennai, Delhi, Kolkata and Ahmedabad depending on the place where the applicant resides or has his principle place of business.

The Trade Mark Office requires that an application for registration must be made in Form 1 in triplicate along with a prescribed fee of Rs. 2,500/- per application per class. Form 1 should be accompanied by five representations of the brand in the prescribed manner. On receipt of the Application, the application is examined to ascertain whether it is distinctive and does not conflict with existing registered or pending trademarks and examination report and the Applicant will have to comply with the requirements of the report within a month of receiving the report.

On completion of these requirements, the mark will be advertised in the Trade Mark Office Journal, prior to the acceptance. If there is no opposition or if the opposition is decided in favour of the applicant then the mark is registered and a certificate of registration is issued.
5.7 **Opposition from third party**

Where there is an opposition from third party within three months after the publication of the mark in the Trade Marks Journal from the date of publication (the same being extendable by another one month). Soon after the receipt of Notice of Opposition, the Applicant for Registration must file Counter Statement against Opposition. Thereafter, the Opponent will be allowed to file Evidence in Support of Opposition. The Applicant would also be given an opportunity to rebut the Evidence filed by the Opponent. The Applicant must compulsorily respond to the requirements of the Examination Report within 30 days. If the Applicant either does not respond to the Examination Report or fails to comply with the requirements of the Report, the Application shall be deemed to be abandoned. In such a case, the Applicant does not have a right of Appeal anywhere. However, the Applicant can file a Writ Petition in High Court or Supreme Court.

5.8 **Objection to Application**

The applicant can remove the objection in the following manner within the time frame provided in the Act:

The Applicant can produce evidence to the Examiner that the mark had over a period of time acquired distinctiveness and the consumers associate the brand only with the Applicant and none else. For this purpose, the Applicant can file an Affidavit along with evidence to show the amount of money spent on advertisements, produce publicity brochures and other handbills to popularize the brand.

Despite the hearing and the response given by the Applicant or in pursuant of an opposition logged by a third party, if the Trade Mark Registry rejects the Application, the aggrieved Applicant can file an Appeal to the Intellectual Property Appellate Tribunal within 90 days of the receipt of the order.

5.9 **Registration of a Trade Mark**

When an application for registration of a trademark has been accepted by the registrar, and either –

- the application has not been opposed and the time for notice of opposition has expired; or
- the application has been opposed and the opposition has been decided in favour of the applicant;

the Registrar shall, unless the Central Government otherwise directs, register the said trade mark, and the trade mark, when registered, shall be registered as of the date of the making of the said application and that date shall be deemed to be the date of registration.

On the registration of a trademark, the Registrar shall issue to the applicant, a certificate in the prescribed form of registration thereof, sealed with the seal of the Trade Marks Registry.

Where registration of a trade mark is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice to the applicant in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.

The Registrar may amend the register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

5.10 **OFFENCES & PENALTIES**

There are mainly two classes of Offences relating to Trademarks –
- Falsification of Trademark
- Falsely applying the trademark to goods or services

The punishment for the above offences shall be not less than 6 months of imprisonment which may extend to three years and a fine which shall not be less 50,000/-, but may extend to Rupees 2 Lakh. Wherever the court proposes a lower punishment than the minimum, it has to record, adequate and special reasons for the same.

However Second and subsequent offences shall be more severely punished. There shall be:

Imprisonment of not less than 1 year which may extend to three years and a fine which shall not be less 1 lakh, but may extend to Rupees 2 Lakh. The court can propose a lower punishment than the minimum, only after recording adequate and special reasons for the same.
6. DESIGN

6.1 Introduction

The design means the features of shape, configuration pattern, ornament or composition of lines or colours applied to any article whether in two-dimensional or three dimensional or in both forms. Design registration does not cover the mechanical features of the item.

Article 2.1 of TRIPS Agreement obligates its members to comply with Articles 1 to 12 and Article 19 of the Paris Convention. Article 25.1 obligates the members to provide protection of independently created industrial designs that are new or original. However, members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. In addition countries are free to exclude protection of designs that are dictated essentially by technical or functional considerations. Article 25.2 mandates each member to ensure that requirement for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to see and obtain such protection. This obligation can, however, be met either through copyright law or design law. Article 26.1 confers upon the owner of a protected industrial design, the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design when such acts are undertaken for commercial purposes. Article 26.2 provides limited exceptions that do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner, taking account of the legitimate interests of the third parties. Article 26.3 provides for a minimum term of protection of at-least 10 years.

The protection under the Design Act is provided in the form of “copyright in design”. Copyright means an exclusive right to apply a design to any article in any class in which design is registered. If a design is registered under Design Act, it is not eligible for protection under Copyright Act. In case of a design capable of being registered under Designs Act, but not so registered, copyright will subsist under the Copyright Act, but will cease to exist as soon as any article to which design has been applied has been reproduced more than 50 times by an industrial process by the owner of copyright or with his license by any other person.


6.2 Registration of Design

6.2.1 Firstly, find out whether any same or similar registration already exists

An application for search can be made or an applicant can inspect the Register of Designs. To request for a search by the Design Office, the following documents should be filed to find out whether any registration exists in respect of any design:

- If the registration number is known, Form No. 6 along with the prescribed fee of Rs. 500/-
- If the representation of the article or the specimen of the article is filed (in duplicate), Form No.7 along the prescribed fees of Rs.1, 000/-
6.2.2 Inspection of the Register of Designs

Any person can inspect the Register of Designs upon request to the Controller with prescribed fee. This will enable an applicant to find out whether a design has been previously registered or not.

6.2.3 Application Procedure

Any person who desires to register a design is required to submit the following documents to the Design Office at Kolkata or any of the Branch Offices of the Patent Office at Delhi, Mumbai and Chennai.

The applications received by the Branch Offices shall be transmitted to the Head Office Kolkata for processing.

6.2.4 Documents to be filed for registration are as follows-

- Application duly filed in the prescribed form (Form-1) along with the prescribed fees, stating name in full, and address, and nationality, name of the article, class number, and address for service in India. The application shall also be signed either by the applicant or by his authorized agent. The Application is required to be filed in Single copy.

- Representation (in quadruplicate of size 33 cm X 20.5 cm with a suitable margin) of the article. Drawings/sketches should clearly show the features of the design from different views and state the view (e.g. front or side).

- A statement of novelty and disclaimer (if any) in respect of mechanical action, trademark, word, letter, numerals should be endorsed on each representation sheet which should be duly signed and dated.

- Power of attorney (if necessary ie if any Attorney has been engaged to carry on the proceedings).

- Priority documents (if any) in case of convention application claimed under Section 44 of the Designs Act, 2000.

6.2.5 Procedure for Registration of designs

An application accompanied by the prescribed fee and four copies of the representation of the design, on receipt at the office, are numbered and dated in the Designs office and taken up for examination. The number accorded to an application is in the order of its receipt and the date accorded to an application is the actual date of its receipt in the office.

Defects in the application, if any, noticed on examination of the application are communicated to the applicant or to his agent at the address for service. The defects should be corrected and the application resubmitted to the Design office for acceptance within six months from the official date of the application.

Acceptance & Notification: - An application is accepted when all the shortcomings have been rectified. It is then notified in the Official Gazette for objections, if any, from interested persons.

Refusal:- In case the defects as required by the Controller are not rectified, a personal hearing will be provided to the applicant. At such a hearing the controller will decide whether the application should be accepted or not. The decision of the Controller will be communicated in writing to the applicant or his agent stating the reasons for the decision.

6.2.6 Standard Form of the statement of novelty

The following statement of novelty should be mentioned on the representation of a design as per the Act:
"The novelty resides in the shape and configuration of the article as illustrated."

"The novelty resides in the portion marked as 'A' and 'B' of the article as illustrated."

"The novelty resides in the ornamentation or surface pattern of the article as illustrated."

6.2.7 Guidelines for the preparation of representation sheet (Four copies need to be filed with application)

A representation sheet of an article is an important document required to be filed in quadruplicate along with the application for registration. Representation means the exact representation of the article on which the design has been applied. It should be prepared on white A4 size paper of durable quality but should not be prepared on cardboard or should not be mounted on other paper.

The following points should be considered while preparing a representation.

- The figure shown should be of sufficient scale in order to visualize all the details of the features of the design applied to the article.
- The article must be shown in isolation and features of the design must be clearly and accurately visible.
- The article shown in the drawing should be consistent with the name of the article mentioned in the application form. The name of the article should be such that it is known in the trade.
- The margin of the representation sheet should be one and half on all sides.
- The figure should be shown in upright position with respect to top and bottom position of the sheet.
- The name of the applicant should be mentioned in left hand top corner of the sheet.
- The total number of sheets and sheet number should be mentioned in the right hand top corner of the sheet.
- The signature of the applicant/agent should be made in the right hand bottom corner. Also mention the name of the signatory there under.
- No descriptive matter or denoting the components by reference letter/numerals should be included other than showing the particular portion of the article where novelty resides.
- A sufficient number of views should be incorporated in the representation sheet in order to show the article completely and to visualize the exact nature of the design clearly.
- No sectional view should be incorporated in the representation sheet.
- No dimensions or engineering symbol etc. should be mentioned in the representation sheet. The representation is not to be regarded as engineering drawing of the article.
- Unnecessary matter not being the feature of the design such as Trade Marks, Letters, and Numerals etc should not be included. However, if it is integral with the article so represented a disclaimer to that effect should be provided.
- Photographs should be covered with cellophane paper in order to prevent them from sticking to other pages.
- Drawings should be clear and should be prepared in a manner that clear reproduction of the views is possible on imaging and are reproducible by photocopying.
- A clear photocopy of the original representation sheet may be filed for other copies of the representation sheet except when a photograph of the original representation has been filed.
- No extraneous matter or background support - surface, shadows, brick walls, trees etc. should appear in the representation sheet.
- Hidden parts that are not visible in the finished article should not be shown. Exploded view should be avoided.
- In order represent a set, the whole set should be shown clearly with different views as required.
- Perspective views are most preferable. Odd angle views which distort the shape should not be filed.
- A brief statement of novelty, claim of features of design, which is new and original, are required to be mentioned on each set of representation sheet. No description stating the features of the design should be incorporated.
- If there is any other matter appearing in the representation not being the feature(s) of the design, a statement of disclaimer is required to be mentioned in each set of the representation sheet as required.
- Shading/etching lines may be used only if these are absolutely essential to the sense of the shape of the article and should be normally avoided.
7. SEMICONDUCTOR INTEGRATED CIRCUITS LAYOUT-DESIGN

7.1 Introduction

The Semiconductor and Integrated Circuits Act, 2000 provides protection to Semiconductors Integrated Circuits Layout-Design in the Indian context. The Act had to be brought out to comply with the TRIPS Agreement, signed by the country.

These cover the aspects of:

- Any act of reproducing/incorporating in semiconductor integrated circuits a registered layout design in its entirety or part thereof;
- Any act of importing or selling or distributing for commercial purposes a registered layout design or Semiconductor integrated circuits incorporating registered layout design or an article incorporating such a Semiconductor integrated circuits containing registered layout design for the use of which such person is not entitled other than a registered users thereof. The rights (protection) conferred by the registration of a layout design will be available to the registered proprietor of layout design irrespective of fact as to whether the layout design is incorporated in an article or not;
- The term (duration) of protection for a layout design shall be a period of 10 years counted from the date of filing of application for registration or from the date of first commercial exploitation anywhere in India or in any other country whichever is earlier (Sections 15 and 19 of the Act).

The TRIPS Agreement under Article 35 provides protection in accordance with Articles 2 to 7 except 6(3), Article 12 and Article 16(3) of IPIC (Treaty on Intellectual Property in respect of Integrated Circuits) in addition to considering unlawful the “importing, selling or otherwise distributing for commercial purposes a protected layout design, and integrated circuit in which a protected layout design is incorporated circuits only in so far as it continues to contain an unlawfully reproduced layout design” if performed without the authorization of the right holder.

Under the Semiconductor Integrated circuits Layout Designs Act (2000), Semiconductor Integrated Circuits are defined as “a product having transistors and other circuit elements which are inseparably formed on a semiconductor material or an insulating material or inside the semiconductor material and designed to perform an electronic circuitry function” (Section 2(r)) and layout designs are defined as “a layout of transistors, and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a Semiconductor Integrated Circuit.” (Section 2(h))

Article 3(1)(b) of the IPIC establishes that the right holder’s rights in respect of an integrated circuit shall apply whether or not the integrated circuit is incorporated in an article. Article 3(2) specifies intellectual property protection shall apply to original layout designs and layout designs that consist of a combination of elements and interconnections that are commonplace shall be protected only if the combination as a whole fulfils the condition of originality.

7.2 Section 7 of the Act prohibits the registration of layout-designs which are not original. The criteria to judge ‘originality’ follow Article 3(2) i.e.

- Layout designs which have been commercially exploited in India or in another convention country; (here, layout-designs which have been commercially exploited for less than two years from the date on which an application for its registration has been filed either in India or in another convention country shall be treated as not having been commercially exploited.) or
Layout designs, which are not inherently distinctive, or layout designs, which are not inherently capable of being distinguishable from any other registered layout-design.

7.3 **Article 6 of the IPIC defines the scope of protection guaranteed to the right holder.**

- The act of reproducing (by incorporating the original part in an integrated circuit or otherwise of a layout design in its entirety or in part) if performed without the authorization of the right holder, except where that act is performed by a third party for private purposes or for the sole purpose of evaluation, analysis, research or teaching and

- The act of importing, selling or otherwise distributing for commercial purposes, a protected layout design or an integrated circuit in which a protected layout design is incorporated.

shall be considered unlawful.

Under 6(1)(b) of the IPIC any contracting state shall be free to consider unlawful acts other than those specified in Article 6(a) (i) and (ii).

7.4 **Effects of Registration and non-registration:**

Under Section 16 of the Act, no person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered layout design. This provision in effect makes the registration compulsory by excluding of any right to a person who has not registered his Semiconductor Circuits Layout-Design.

Section 18(1) (a) subject to 18(2) and 18(1) (b) of the Indian Act follow the criteria provided for infringement under Article 6(1)(a)(i) and (ii), respectively. 18(1)(b) is subject to exception specified under Section 18(5) where “not regarded as infringement if such person does not possess any knowledge or has no reasonable ground to know while performing or directing to be performed such act in respect of such semiconductor integrated circuit or article that incorporated a registered layout-design but after the time when such person has received notice of [the same], he may continue to perform or directing to be performed such act in respect of the stock on hand or ordered before such time and, then, he shall be liable to pay the proprietor of the registered layout-design a sum by way of royalty to be determined by negotiation between registered proprietor of the registered layout-design and that person or by the Appellate Board having regard to the benefit accrued to such person.” Any person who purchases a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit referred to in Section 18(5) from a person referred to in that sub-section, shall be entitled to the immunity from infringement. Under 18(7) further, nothing under 18(1)(b) shall constitute an act of infringement, where “any person performs any of the acts specified in [18(1)(b)] with the written consent of the registered proprietor within the control of the person obtaining such consent, or in respect of a registered layout-design or a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit, that has been put on the market by or with the consent of the registered proprietor of such registered layout-design.” This closely follows Article 37 of the TRIPS agreement, which over-wrote Article 6(4) of the IPIC. IPIC further specifies that, where the third party on the basis of evaluation or analysis of the protected layout design created a layout design complying with the requirements of originality, a third party may incorporate second layout design without being regarded as infringing rights of holder of the first layout design.

The exception under Article 6(2) (b) of the IPIC has been expanded in Section 18(3) to also include ‘rights of performance’ granted under Sections 18(1) (a) 18(1) (b) and 18 (5). Article 6(2)(c) further stipulates that the holder of the right may not exercise his right in respect of an identical original layout design that was independently created by a third party. This is reflected in Section 18(8) of the Semiconductor Integrated Circuits Layout Designs Act 2000. Under 6(5) of the IPIC, further any
contracting party pay consider lawful the performance without authority of the right holder any act performed in respect of a protected layout design or in respect of an integrated circuit in which such a layout design is incorporated that has either been put on the market by or with the consent of the right holder. Article 37(2) of the TRIPS also clarifies that the conditions set out in Article 31(a) to (k) pertaining to compulsory licensing are applicable as an exception to rights guaranteed aforementioned and apply to the non-voluntary licensing of layout designs or for its use by or for the government. These licenses shall only apply to public non-commercial use or to remedy a practice determined after judicial or administrative processes to be anti-competitive, Article 31(c) TRIPS. The term for protection granted under Article 38 (a) of the TRIPS Agreement requires registered layout designs of integrate circuits to be 10 years from the date of filing an application for registration or from the date of first commercial exploitation anywhere in the world. This is followed in Section 15 of the Semi-Conductor Integrated Circuits Layout-Design Act (2000) where the, registration of a layout-design shall be only for a period of ten years counted from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or in any country whichever is earlier.

8. GEOGRAPHICAL INDICATORS

8.1 Introduction

Geographical Indications of Goods means indications, which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin. Thus Geographical Indications of Goods Act provides the rights, to use the geographical indication, to the person(s) of a particular territory wherein the goods are originating, produced, processed, or prepared. Most geographical indications relate to agricultural products or those derived from them, as in the case of wines and spirits. Protection of such marks prevents third parties from passing off their products as those originating in the given region. Famous examples are ‘Champagne’ for wine produced in a region of France and ‘Roquefort’ for cheese from areas also produced in France or ‘Darjeeling’ for tea produced in Darjeeling in India.

It is not necessary for these indications to be geographical names as in the case of ‘Feta’ for cheese from Greece or ‘Basmati’ for rice from India and Pakistan as there are no places, localities or regions with these names. Plant varieties developed with traditional knowledge and associated with a particular region can also be protected as geographical indications. The advantage in such protection is that it is not time-limited, unlike the case of plant patents or plant breeders’ rights.

Geographical Indications (GIs) have emerged as one of the most important instrument of protecting the “quality, reputation or other character of goods essentially attributable to their geographical origin” in the recent years. Like a trademark, geographical indications are also a valuable property. It is a ‘source identifier’ and ‘indicator of quality’. It helps to promote goods of particular region or country and “eligible for relief from acts of infringement and/or unfair competition”.

India’s predominance as an agricultural economy makes for a strong case for protection of its “agricultural resources” in order to prevent and enhance the age old practises carried on by Indian farmers. There had been attempts to acquire patent rights in “Basmati rice”, “Neem”, “Haldi, also known as Turmeric”, etc in the absence of National laws on “Plant Varieties” and “Geographical Indications”. The Indian Government immediately reacted by not only winning back these “agricultural resources” but equally by enacting the Protection of Plant Varieties and Farmers Rights Act, 2001 (PVA) and the law concerning Geographical Indications considering the vast varieties of agriculture products which have the potential of geographical identification.

The Geographical Indications of Goods (Registration and Protection) Act, 1999 along with The Geographical Indications of Goods (registration and Protection) Rules 2002, has been enforced with effect from September 15, 2003. This Act seeks to provide for the registration and better protection of geographical indications relating to goods

8.2 The term ‘Geographical Indication’ is an identification in relations to goods, which,

- is used to identify agricultural, natural or manufactured or handicraft or industry goods including food stuff.
- said goods should originate from a definite geographical territory, produced or processed or prepared in that territory.
- such goods should have a special quality or reputation or other characteristics attributable to that definite originating territory.
The Geographical Indications of Goods (Registration and Protection) Act, 1999 and The Geographical Indications of Goods (Registration and Protection) Rules, 2002 administer and regulate the Geographical indicators in India. A statutory body called Geographical Indication Registry has been established under the Act. The Registry maintains a Register of Geographical Indications and the Register is maintained in 2 parts viz, Part-A and Part-B. Part A contains the essential characteristics of the goods and the name of the Registered Owner. Part B contains the rules relating to the registration of the Authorized Users of that Geographical Indicator. Geographical Indicators are administered by the Office of the Controller General of Patents, Designs and Trademarks.

This Act seeks to provide for registration and better protection to GIs relating to goods. It excludes unauthorised persons from misusing GIs. This would protect the interests of producers, manufacturers and thereby consumers from being deceived by the falsity of geographical origin to economic prosperity of the producer of such goods and promote goods bearing GIs in export market. Unless a geographical indication is protected in the country of its origin, there is no obligation under the agreement under Article 22 of the TRIPS Agreement on for other countries to extend reciprocal protection. It is in this context and to protect the National Geographical Indicators that the Act was enacted.

Section 2(e) of The Geographical Indications of Goods (Registration and Protection) Act, 1999 defines ‘GIs in relation to goods means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

Explanation.- For the purpose of the aforesaid definition, any name, which is not the name of country, region or locality of that country, shall also be considered as the GIs if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be.’

Section 2(f) of the Act defines ‘goods’ to mean any:
- agricultural goods;
- Natural goods;
- manufacturing goods or;
- goods of handicraft and foodstuff.

The above definition is not exhaustive but merely illustrative.

The word indications has also been defined under Section 2(g) to include:
- any name ;
- geographical or figurative representation; or
- any combination or suggest the geographical origin or goods to which it applies.

8.3 Procedure of Registration of Geographical Indicator
- Who can apply for registration:
  - any association of persons; or
  - any association of producers; or
any organisation or authority established by or under any law representing the interest of the producers of the concerned goods.

8.4 Whom to apply:

The application must be made to the Registrar. Under the Act the Controller-General of Patents, Designs and Trademarks appointed under sub-section (1) of Section 3 of the Trademarks Act, 1999 shall necessarily be the Registrar of GIs. He shall be assisted by such number of officer, which the Central Government may think fit.

8.5 Where to file the application:

Every application shall be filed in the office of the GIs registry within whose territorial limits, the territory of the country or the region or locality in the country to which the GIs relates is situated. However, where such territory, region or locality as the case may be, is not situated in India, the application shall be filed in the office of the GIs registry within whose territorial limit, the place mentioned in the address for services in India as disclosed in the application, is situated.

Form and manner of application:

The persons specified above who are desirous of registering as GIs in relation to such goods shall apply in writing to the Registrar in the prescribed form and manner and accompanied by such fees as may be prescribed for the registration of the GIs. A single application for registration of GIs in different classes goods can also be made.

8.6 Contents of the application:

Every application for registration must contain:

- a statement as to how the GIs serves to designate the goods as originating from the concerned territory of the country or region or locality in the country, as the case may be, in respect of specific quality, reputation or other characteristics which are due exclusively or essentially to the geographical environment, with its inherent natural and human factors, and the production, processing or preparation of which takes place in such territory, region or locality as the case may be;
- the class of goods to which the GIs shall apply;
- the geographical map of the country, region or locality in the country in which the goods originate or are being manufactured;
- the particulars regarding the appearance of the GIs as to whether it is comprised of the words or figurative elements or both;
- a statement containing such particulars of the producers of the concerned good, if any, proposed to be initially registered with the registration of the GIs as may be prescribed; and
- such other particulars as may be prescribed.

8.7 What goods and area can be registered:

Section 8 provides that a geographical indication may be registered in respect of:

- any or all of the goods, comprised in such class of goods which is classified by the registrar.
- definite territory of a country;
- definite region in the territory; and
- definite locality in the territory.
8.8 Duty of Registrar on receipt of application:

- The Registrar shall examine every application in the prescribed manner. He may refuse the application or may accept it absolutely or subject to such amendments, modification, conditions or limitations, if any, as he thinks fit. However, in case of refusal or conditional acceptance of application, he shall record in writing the grounds for such refusal or conditional acceptance and the materials used by him in arriving at his decision.

- The Registrar shall classify the goods under sub-section (1) of Section 8 as far as may be, in accordance with the international classification of goods for the purposes of registration of GIs.

- The Registrar may publish in the prescribed manner an alphabetical index of classification of goods referred to in sub-section (2).

- Any question arising as to the class within which any goods fall or the definite area as referred to in sub-section (1) in respect of which the geographical indication is to be registered or where any goods are not specified in the alphabetical index of goods published under sub-section (3) shall be determined by the Registrar whose decision in the matter shall be final.

8.9 Withdrawal of acceptance:

Section 12 provides for withdrawal of acceptance of registration of GI's if: (a) the application has been accepted in error, or (b) in the circumstances of the case the geographical indication should not be registered or should be registered subject to conditions or limitations or to conditions additional to or different from the conditions or limitations subject to which the application has been accepted.

8.10 Advertisement of application:

Section 13 provides:

- Where an application for registration of a geographical indication has been accepted, whether absolutely or subject to conditions or limitations, the registrar shall, as soon as may be after acceptance, cause the application as accepted together with the condition or limitations, if any, subject to which it has been accepted, to be advertised in prescribed manner.

- Where after advertisement of an application;
  - an error in the application has been corrected; or (b) the application has been permitted to be amended under Section 15, the Registrar, shall in his discretion cause the application to be advertised again or instead of causing the application to be advertised again, notified in the prescribed manner, the correction made in the application.

8.11 Opposition to registration:

Section 14 provides for opposition to registration within 3 months of the date of advertisement or re-advertisement of an application. The time limit may be extended, by the Registrar on application made to him along with the prescribed fees, subject to a maximum of 1 month. Normal procedures for acceptance or rejection of such application after duly hearing both the parties have been also prescribed.

- Correction and amendment:

Section 10 empowers the Registrar to carry out correction of any error and amendments in an application whether before or after acceptance, if any errors are found in the application.

8.12 Prohibition of Registration of Certain GIs

- Section 9 prohibits the registration of GIs
the use of which is likely to deceive or cause confusion, or
the use of which would be contrary to any law for the time being in force, or
which comprises or contains scandalous or obscene matter, or
which comprises or contains any matter likely to hurt the religious feeling of any class or section of citizens of India, or
which would otherwise be disentitled to protection in a court, or
which are determined to be generic names or indications of goods and are, therefore, not or ceased to be protected in the country of origin or which have fallen into disuse in that country, or
which although literally true as to the territory, region or locality in which the goods originate, but falsely represent to the persons that the goods originate in another territory, region or locality.

8.13 Duration, Renewal, Removal and Restoration of Registration

The registration of a GIs shall be for a period of 10 years or for a period till the date on which the registration of geographical indication in respect of which the authorised users is registered expires, whichever is earlier.

8.14 Registration

After the Registrar accepts an application for registration the GIs will be registered. Registration is a prima facie evidence of the validity of the GIs.

8.15 Effect of Registration

Section 20 provides that no person shall be entitled to institute any proceeding to prevent or recover damages for the infringement of unregistered GIs. It also provides that nothing in this act shall be deemed to affect the right of action against any person for passing off goods as the goods of another person.

8.16 Rights Conferred by Registration

A registration of GIs shall, if valid, give to the registered proprietor and all authorised user whose name has been entered in the register, the right to obtain relief in respect of infringement of the GIs. However, authorised users alone shall have the exclusive right to the use of the GIs in relation to the goods in respect of which the GIs is registered. This right is subject to the conditions and limitations to which the registration is subject. Two or more authorised users of a registered GIs shall have co-equal rights.

8.17 Infringement of Registered GIs

A registered GIs is infringed by a person who, not being an authorised user thereof,

- uses such GIs by any means in the designation or presentation of goods that indicates or suggests that such goods originate in some other geographical area other than the true place of origin of the goods in a manner which misleads the public, or
- uses any GIs in such manner which constitutes an act of unfair competition including passing off in respect of registered GIs, or
- uses another GIs to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represent to the public that the goods originate in the region, territory or locality in respect of which such registered GIs relates.
8.18 Additional Protection of Certain Goods

The central government may by notification in the official gazette provide for additional protection for certain goods or classes of goods, which are notified. A GI once lawfully acquired further dealing in such goods shall not constitute an infringement unless the goods are impaired after they have been put in the market.

8.19 Special Provisions Relating to Trademarks and Prior Users

The registration of a trademark may be refused or invalidated which

- contains or consists of a GI with respect to the goods or class or classes of goods not originating in the territory of a country, or a region or locality in that territory which such GIs indicates, if use of such GIs in the trademark for such goods, is of such a nature as to confuse or mislead the persons as to the true place of origin of such goods or class or classes of goods;
- contains or consists of a GI identifying goods or class or classes of goods notified under sub-section (2) of Section 22. The trademark, however, granted and subsisting before the Act comes into force shall not be invalidated.

8.20 Rectification and Correction of Register

The registrar or the Appellate Board may cancel or vary the registration of GI's or of an authorised user for the contravention or failure to observe the conditions entered on the register. It enable any persons aggrieved by the absence or omission of any entry in the register without sufficient cause or any entry wrongly remaining on the register by any error or defect, to apply to the Appellate Board or the registrar to pass appropriate orders. The registrar and the Appellate Board can suo moto after giving notice to the parties concerned and hearing them, pass appropriate orders cancelling, varying or rectifying the register.

8.21 Appeals to the Appellate Board

Any person aggrieved by an order or decision of the registrar under this Act, or the Rules made there under, may prefer an appeal to the Appellate Board within three months from the date on which the order or decision is communicated to the aggrieved parties.

8.22 Enforcement of GIs of Goods

The remedies available for protection of GI's may broadly be classified into two categories: (i) criminal remedies and (ii) civil remedies.

- **Criminal Remedies**

The Geographical Indications of Goods (Registration and Protection) Act, 1999 contains penal provisions for violation of various provisions relating to GI's given below—

- Falsifying and falsely applying GI's to goods. (Section 38)
- Selling goods to which false GI's is applied. (Section 40)
- Falsely representing a GI's as registered. (Section 42)
- Improperly describing a place of business as connected with the GI's registry. (Section 43)
- Falsification of entries in the register. (Section 44)

The punishment prescribed for the aforesaid offences varies from six months to three years imprisonment and a fine of not less than Rs 50,000 but may extend to Rs 2 lakh. However, the court may, for adequate and special reasons in writing, impose lesser punishment.
The Act also prescribes for enhanced penalty for second or subsequent conviction. The term of imprisonment in such cases shall not be less than one year but it may extend up to three years and fine of not less than Rs 1 lakh, which may extend up to Rs 2 lakh. The discretion is vested with the courts to impose a lesser punishment than the minimum punishment after recording in the judgment adequate and special reasons for awarding such lesser punishment. No cognisance would be taken of any conviction made before the commencement of this Act. The offence under the Act is cognisable.

Forfeiture of goods: The Act empowers the court under Section 46 of the Act to direct the forfeiture to government of all the goods and things by means of or in relation to which certain offences mentioned therein have been committed. The court may either order for the forfeited goods to be destroyed or otherwise disposed of.

Search and seizure: The Act empowers the Deputy Superintendent of Police to take cognisance of GIs offences and may search and seize things and articles involved therein.

- **Civil Remedies**

Civil Remedies in the form of suit for infringement and injunctions (Interim and permanent), damages, for the infringement of goods, orders for destruction and forfeiture of the goods that bear false representation of an existing Geographical Indication is available to the registered holder of GI’s.
9. BIOLOGICAL DIVERSITY

India has been a party to the Convention on Biological Diversity since 5 June 1992 and ratified the Convention on 18 February 1994. The Convention on Biological Diversity is one of the most broadly subscribed international environmental treaties in the world. Opened for signature at the Earth Summit in Rio de Janeiro, Brazil in 1992, it currently has 189 Parties—188 States and the European Community—who have committed themselves to its three main goals: the conservation of biodiversity, sustainable use of its components and the equitable sharing of the benefits arising out of the utilization of genetic resources. The Secretariat of the Convention is located in Montreal, Canada. India is also a signatory to Cartagena Protocol on Biosafety signed on 23 January 2001 and ratified on 11 September 2003.

India enacted the Biodiversity Act 2002 to ensure maintenance, sustenance and development of its biodiversity under commitment in the Convention on Biological Diversity. The Act has specific provisions about ownership of intellectual property rights associated with exploitation of biodiversity. Industries have to have the prior informed consent of the National Biodiversity Authority before exploring the biodiversity in India. In the event of R&D based on exploitation of biodiversity and associated local knowledge, there is a provision for sharing of benefits of such work with the local community. No direct flow of funds is expected to the community. Instead the Union Government will reach the benefits through State Governments to the community.

The Central Government has brought Biological Diversity Act, 2002 with the following salient features:

- to regulate access to biological resources of the country with the purpose of securing equitable share in benefits arising out of the use of biological resources; and associated knowledge relating to biological resources;
- to conserve and sustainably use biological diversity;
- to respect and protect knowledge of local communities related to biodiversity;
- to secure sharing of benefits with local people as conservers of biological resources and holders of knowledge and information relating to the use of biological resources;
- conservation and development of areas of importance from the standpoint of biological diversity by declaring them as biological diversity heritage sites;
- protection and rehabilitation of threatened species;
- involvement of institutions of state governments in the broad scheme of the implementation of the Biological Diversity Act through constitution of committees.

Section 2(b) of the Biological Diversity Act, 2002 (18 of 2003), defines, “Biological Diversity means the variability among living organisms from all sources and the ecological complexes of which they are part and includes diversity within species or between species and of eco-systems.”

Chapter II of the Biological Diversity Act, 2000 lays down certain regulations with reference to access to Biological Diversity. The following regulations have been placed in Sections 3 to 7 of the said Act:

Section 3 of the above referred Act, requires the following categories of persons to seek previous permission of the National Biodiversity Authority, to obtain any biological resource occurring in India or knowledge associated thereto for research or commercial utilisation or for bio-survey and bio-utilisation –
A person who is not a citizen of India.
A citizen of India who is a non-resident as per section 2(30) of the Income-tax Act, 1961.
A body corporate, association, organisation –
Not incorporated or registered in India; or
Incorporated or registered in India under any law for the time being in force, which has any non-Indian participation in its share capital or management.

Section 4 of the above referred Act requires that every person shall seek the previous approval of the national bio-diversity authority before transferring the results of any research related to any biological recourses occurring in, or obtained from India to any person as referred to in Section 3 above.

Section 5 of the Biological Diversity Act, 2002 provides that Sections 3 and 4 above shall not apply to collaborative research projects involving transfer of biological recourses, between institutions including governments sponsored institutions of India and such institutions in other countries if –

If they confirm to policy guidelines issued by Central Government in this behalf;
Be approved by the Central Government

Section 6 of the Biological Diversity Act, 2002 (18 of 2003) requires that every person applying for any intellectual property rights in or outside India for any invention based on any research or information on a biological recourse obtained from India before obtaining prior approval of the national biodiversity authority. The provisions of this section are however not applicable on rights relating to protection of plant varieties.

Section 7 of the said Act requires every Indian citizen or a body corporate, association or organisation registered in India to prior intimate the state biodiversity board of the concerned area from which he/it plans to obtain any biological recourse for commercial utilisation or bio-survey and bio utilisation for commercial purpose. The Act empowers state biodiversity board, wide section 24 to from prohibit or restrict any such activity if it is of opinion that such activity is detrimental or contrary to the objectives of conservation and sustainable use of biodiversity.

Section 55 of the Act provides penalties for contravention of provisions of the Act. Sub-section (1) prescribes an imprisonment for the term which may extend to five years or with fine which may extend to ten lakh rupees or both for contravention or abetment of contravention of the provisions of sections 3 to 6. The fine may extend even beyond rupees ten lakhs when the damage caused exceeds ten lakh rupees. Contravention of section 7 is punishable with an imprisonment up to three years or fine up to rupees five lakh or both.

In exercise of the powers conferred by Sub-Section (1) of Section 8 of the Biological Diversity Act, 2002 (18 of 2003), the Central Government has established a body called the National Biodiversity Authority, on and from the 1st day of October 2003. The main functions of the Authority are:

To lay down procedures and guidelines to govern the activities provided under Section 3, 4, and 6 of permission to foreigners/NRIs, foreign companies

- For obtaining any biological resource (Section -3)
- For transferring the results of any research (Section -4).
- Certain collaborative research projects exempted (Section 5)

To advice the Government of India, specific areas mentioned as per the Act are the following:

- Notifications of threatened species (Section -38)
Designate institutions as repositories for different categories of biological resources (Section -39)

Exempt certain biological resources, normally traded as commodities (Section -40)

- To encourage setting up State Biodiversity Boards
- To build up database and documentation system
- To create awareness through mass media
  - Training of personnel
  - Necessary measures in the areas of Intellectual Propriety Rights

The Act provides for a three-tier structure for regulation and access to Biological Diversity. The structure can broadly be summed up as:

- A three-tiered structure at the national, state and local level is to be established. National Biodiversity Authority (NBA):
  - All matters relating to requests for access by foreign individuals, institutions or companies and all matters relating to transfer of results of research to any foreigner will be dealt with by the National Biodiversity Authority.

- State Biodiversity Boards (SBB):
  - All matters relating to access by Indians for commercial purposes will be under the purview of the State Biodiversity Boards (SBB). The Indian industry will be required to provide prior intimation to the concerned SBB about the use of biological resource. The State Board will have the power to restrict any such activity, which violates the objectives of conservation, sustainable use and equitable sharing of benefits.

- Biodiversity Management Committees (BMCs):
  - Institutions of local self government will be required to set up Biodiversity Management Committees in their respective areas for conservation, sustainable use, and documentation of biodiversity and chronicling of knowledge relating to biodiversity.

NBA and SBBs are required to consult the concerned BMCs on matters related to use of biological resources and associated knowledge within their jurisdiction. India enacted The Biological Diversity Act, 2002 and The Biological Diversity Rules, 2004 to fulfil its commitments in the Convention on Biological Diversity and in the Cartagena Protocol on Biosafety.
10. PLANT VARIETIES AND FARMERS RIGHTS

Under The Protection of Plant Varieties and Farmers Rights Act, 2001, breeders have rights to protect the new variety of plant/crop either in person or through any of the designates. The rights under this Act include the right to produce, sell, market, directly or export a variety.

Further, the Act defines the farmer’s rights as follows:

The farmer shall be deemed to be entitled to save, use, sow, resow, exchange, share, or sell his farm produce including seed of a variety protected under this act in the same manner as he was entitled before the coming into force of this Act but the farmer shall not be entitled to sell branded seed of a variety protected under this Act.

Plants are not patentable in India. However the plants can be protected under the provision of the Plant Variety Protection and Farmers Rights Act as mentioned herein above.

The Act protects the “plant resources” of India. It must be noted that the TRIPS Agreement protects the “plant varieties” as an Intellectual Property Right under Part II, Section 5, which is dealing with “Patent protection”. Article 27(3) (b) of the TRIPS Agreement provides that “Members” shall provide for the protection of Plant Varieties either by Patents or by an effective sui generis system or by a combination thereof. The TRIPS Agreement is “encouraging” the Member Countries to adhere to well recognised International Treaties and Conventions already in force. It has given a choice to the members to protect plant varieties either through “Patent law” or through an “effective sui generis system”. The general provisions and limitations of the TRIPS Agreement will still permeate the laws providing the protection to plant varieties. The law of India has combined the provisions of both UPOV (International Union for the Protection of new Varieties of Plants) 1978 and UPOV 1991 by taking the best of both.

11. OTHER RIGHTS: PROTECTION OF UNDISCLOSED INFORMATION

Unlike other forms of intellectual property, trade secrets are essentially internal instruments and hence the responsibility for their protection remains with the owner of the secrets. The protected subject matter is the information lawfully within the control of a natural person or legal person that is secret, has commercial value because it is a secret and that has been subject to reasonable steps by the person lawfully in control of the information, to keep it secret. Secret is defined as “Secret in the sense that it is not, as a body or in the precise configuration and assembly of its components known among or readily accessible to persons within the circles that normally deal with the kind of information in question.” Undisclosed information, generally known as trade secret/confidential information, includes formula, pattern, compilation, programme, device, method, technique or processes etc. Protection of undisclosed information is the most important form of protection for industries, R&D institutions and other agencies dealing with IPRs. Protection of undisclosed information/trade secret is not really new to humanity; at every stage of development people have evolved methods to keep important information secret, commonly by restricting the knowledge to their family members. Laws relating to all forms of IPR are at different stages of implementation in India, but there is no separate and exclusive law for protecting undisclosed information/trade secret or confidential information. The Contract Act of 1872 would however cover many aspects of trade secrets.
12. PASSING OFF AND REMEDIES UNDER THE LAW OF TORTS

Passing off is the act of using, for one’s own benefit, the reputation and goodwill of some other person, which he/she has built up for his/her business in the market. Passing off being a dishonest and unfair practice is rightly prohibited under the common law or the law of torts.

Human ingenuity can develop hundreds and thousands of methods of passing off. It can be selling inferior quality own goods under the name of some other person, whose goods are known for superior quality. Again, there is passing off when a person sells used goods as new ones.

The infraction of trader’s conduct involved in passing off is his act of misrepresentation. In order to be actionable against the erring trader, the misrepresentation must have been originated from him in the course of his business. The misrepresentation should be targeted towards the final customers so as to make him believe that the goods are of certain other trader whose business has attained certain level of reputation in the market.

The remedies for passing off are available under the general laws and Action should be brought as soon as possible without any delay. Any delay in bringing the action can be treated as acceptance or condonation, and may vitiate the claim. The remedies available include among other things injunction, damages for loss of reputation, damages for loss of profits, destruction of the offending goods etc. The remedies are available under the CIVIL PROCEDURE CODE.

Recent case laws in the matter will be helpful in establishing the importance of these remedies. In Geepweeval Proteins and Investments Ltd. vs. Sarod Oil Industry 2004 (1) RAJ 495 (Delhi) it was held that passing off can be established if the plaintiff proves that

- He was using a trademark for long time and the defendant started using the same deceptively,
- There is no undue delay in initiating the action,
- That the trademark used by him has attained distinctiveness in the market
- That the act of the defendant may result in plaintiff losing his trade.

In Bloomfield Co. Ltd. vs. Bagaria Business Pvt. Ltd. {2002 (2) RAJ 448 (DEL)}, it was held that Adopting trade name of a person or family carrying on multifarious businesses is a right well protected. No question of registration arises for filing a passing off action against the infringes.
13. SERVICE TAX ON INTELLLECTUAL PROPERTY RIGHTS

The provision of any taxable service in India obligates payment of Service tax. The taxability or otherwise of any service depends on whether or not the same is covered under Section 65(105) of the Finance act, 1994 {hereinafter in this chapter referred to as the act}. Finance Act (No. 2), 2004 covered the Intellectual Property service under the Service Tax Regime. The Intellectual property service has been defined under section 65(55b) as follows –

- `(55b) "intellectual property service" means,--
  - transferring temporarily; or
  - permitting the use or enjoyment of, any intellectual property right;`

Hence any activity relating to the transferring of the intellectual property temporarily or permitting the use or enjoyment of the right in any way is chargeable to service tax. There may be a question whether transferring altogether, a right can be said to be provision of service at all. It can be seen clearly that there is no element of provision of service in the transaction.

The term Intellectual Property Right as used in the definition does not have the general meaning as understood by us in all the above chapters of the book. The term has been specifically defined in Section 65(55a) of the act as follows –

- `(55a) "intellectual property right" means any right to intangible property, namely, trade marks, designs, patents or any other similar intangible property, under any law for the time being in force, but does not include copyright.`

An analysis of the above definition brings out that only temporary transfer or permission to use of Trade Marks, Designs, Patents or any similar intangible property are chargeable to tax, if done under any law in force. Any similar activity in relation to copyrights has been specifically excluded. What constitutes any similar property however needs an interpretation as per the settled rules of statutory interpretation. As per the Rule of Ejusdem Generis' when general words follow specific words, they derive their colour from the words that they follow. Hence Intellectual Property which is similar to trademark, design or patent or in other words relating to industrial usage shall only be covered.

Also Service in relation to IPRs protected by Indian laws are chargeable to service tax. Any IPR which is not protected under the Indian laws falls outside the purview of Service Tax. Therefore activities in relation to IPRs like undisclosed information which are not protected by Indian Laws, are not chargeable to service tax.

Any payment made by the user of the Intellectual property rights or to the person to whom the patent has been transferred temporarily granted, to the owner of the IPR is liable to service tax @ 12.24% from 18-04-2006. The rate was previously 10.2% from 10-09-2004 to 17-04-2006. The valuation of the service is however subject to the detailed rules of Valuation of Service contained in the VALUATION OF SERVICES RULES, 2006.

However where the transfer or use of an IPR attracts any cess under section 3 of the Research and Development Cess, 1986, the cess amount so paid would be deductible from the total service tax payable. [Notification No. 17/2004 – S.T. date 10-09-2004]
14. INCOME TAX ON INTELLECTUAL PROPERTY RIGHTS

Income Tax is a tax on the income. The Income Tax Act, 1961 classifies the income under 5 heads for the purpose of taxability. Different rules, and in some cases different rates are prescribed for income under different heads. There can be two-pronged Income tax on the owners of IPRs. One is if they transfer or sell their IPR in total and other when themselves try and commercially exploit them.

Section 2(14) of the Income Tax Act defines Capital Asset, transfer of which is chargeable to Income tax under the head Capital Gains under section 45 of the Income Tax Act. The term Capital Asset has been defined so as to mean Property of every kind. It is a judicially settled principle that a right in an intangible asset is a property for the purposes of Income Tax Act. “The term Property is a term of widest import and subject to any limitation which the context may require, it signifies every possible interest which a person can clearly hold and enjoy” - Ahmed G.H. Ariff vs. CWT 2.

Hence transfer of the ownership of an IPR can be said to be chargeable to Income Tax. Capital Gains however to be calculated as per the provisions of Section 48 requires the following amounts

- Full value of Sale Consideration
- Cost of Acquisition
- Cost of Improvement (if any)
- Expenditure on Sale of Asset (if any)

The Supreme Court in the leading case of BC Srinivas Shetty 3 has held that where the cost of acquisition is not ascertainable the transaction cannot be subjected to Capital Gains Tax, as the amount of capital gain cannot be ascertained

However that does not mean that sale of IPRs by the owners is completely tax-free. The legislature has thereafter vide section 55(2)(a) of the Act as amended from time to time has prescribed that Cost of Acquisition of Certain Capital Assets shall be NIL. Hence the amount of capital gains can now be calculated nearly whole of the sale consideration is chargeable to Income tax. The assets prescribed however are as follows –

- Goodwill of a Business
- Trademark or Brand Name associated with a business
- Right to Manufacture, produce or process any article or a thing, etc

The lending of the use of the Intellectual Property Right or any other income earned from any business activity relating to the IPR shall be chargeable under the head PGBP under section 28 of the Income Tax Act, 1961 or Section 56 of the Income Tax Act, 1961.

Numerous sections in the Income-tax Act, 1961 deal with Intellectual property and research and development activity leading to the development of knowledge base, which can be then registered as intellectual property rights. Expenditure incurred for research and development by business houses is allowed as deduction under the head profits and gains of business and profession.

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2 [1970] 76 ITR 471
3 [1981] 5 Taxman 1
Section 32 of the Income-tax Act, 1961 provides for depreciation on capital assets used for the purposes of business. Depreciation is available on Tangible as well as Non-Tangible Assets. The Appendix – I to Income Tax Rules, 1962 specifically mentions “Know-how, Patents, Copyrights, Trademarks, Licences, Franchises, or any other business or commercial rights of similar nature” and prescribes a rate of depreciation for it. Other Sections like 35(1), 35(2), 35A and 35AB provide for deduction in relation to expenditure and sums paid for scientific research and acquisition of patent and other rights.
15. ACCOUNTING OF INTELLECTUAL PROPERTY RIGHTS

15.1 Introduction
Out of the 29 Accounting Standards issued by the Institute of Chartered Accountants of India, 3 Accounting standards have primary applicability on the Intellectual Property Rights.

- Accounting Standard – 26 – Intangible Assets
- Accounting Standard – 9 – Revenue Recognition
- Accounting Standard – 28 – Impairment of Assets

The three accounting standards deal with recognition and measurement, revenue recognition therefrom and the impairment of these assets. The relevant portions of the three statements have been discussed below.

15.2 ACCOUNTING STANDARD – 26 – INTANGIBLE ASSETS:
Intangible assets can form significant portions of the total value of the assets of an entity. Hence the Council of the Institute of Chartered Accountants of India has issued a separate Accounting Standard to deal with issues relating to the accounting treatment for intangible assets. The standard is comprehensive and deals with the recognition and initial measurement of an intangible asset, recognition as an expense, subsequent expenditure, measurement subsequent to initial recognition, amortisation, impairment, retirement and disposals and disclosures required.

Intellectual Property Rights (IPRs) are intangible assets. Hence IPRs are measured and accounted as per AS – 26 Intangible Assets issued by the Institute of Chartered Accountants of India. AS- 26 lays down firm criteria for either recognition or otherwise of Intellectual Property Rights in the Financial Statements. As per Para-3 of the standard, it specifically deals with all intangible assets that arise from Research and Development activities. Further the rights under licensing agreements for items like motion picture films, video recordings, play manuscripts, patents and copyrights etc are also dealt with by the standard.

15.2.1 Recognition and Initial Measurement:
As per Para – 19 of the said standard, to recognise an intangible asset, an enterprise is required to demonstrate that the item meets

- The definition of an Intangible Asset; and
- Recognition criteria set out in the statement.

As per Para-6 of the Standard, An Intangible Asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

- As per Para – 20 of the said standard, an Intangible Asset should be recognized if, and only if:
  - it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and
  - the cost of the asset can be measured reliably.

An intangible asset can be acquired or can be self generated one. In case of acquisition, it is relatively easy to measure the cost of acquisition and consequently fulfilling the criteria set out in the standard.
The standard further splits acquisitions into separate acquisition, acquisition as a part of an amalgamation, acquisition by way of government grants and that by exchange of assets and sets out separate principles for measurement of the cost laid out in each of the cases.

Sterner principles are laid out for measurement of Internally Generated Intangible Assets. Owing to the complexity of the matter, the standard requires that the process of generation of an intangible asset be classified into research phase and development phase. No Internally generated intangible assets can be recognized in research phase of the process. All expenditure at research stage has to be charged to Profit and Loss statement as an expense. An intangible asset may be recognized at development stage if, and only if, all of the following are demonstrated –

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell it;
- How the intangible asset will generate probable future benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the asset.
- Its ability to measure the expenditure attributable to the intangible asset during its developmental stage.

Further, the standard clarifies that internally generated Brands, mastheads, publishing titles, customer lists and items similar in substance should not be recognised. Where an entity is not able to classify the process as such, the whole process is required to be treated as Research phase and consequently all expenditure on the same is required to be charged to Profit and Loss Account.

Recognition of an expense:

All expenditure in relation to intangible assets is required to be recognised as an expense unless:

- It meets the recognition criteria and forms part of such assets’ costs.
- The item is acquired in amalgamation in the nature of purchase and cannot be recognised as an intangible asset.

Past Expenses not recognised as an asset:

The expenditure on an intangible item which has been treated as an expense by a reporting enterprise in previous financial statements or interim financial reports should not be recognised as part of the cost of an intangible asset at a later date.

15.2.2Subsequent Expenditure:

The principle in relation to subsequent expenditure made for intangible asset is similar to that in relation to tangible asset. The standard lays down that all subsequent expenditure shall be recognised as an expense unless:

- It is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance.
- The expenditure can be reliably measured and attributed to the asset.

Measurement subsequent to initial recognition:
An intangible asset is required to be carried at cost less accumulated amortisation and any impairment loss. Though the standard does not specifically ban revaluation of assets, the statement should be taken to mean the same.

15.2.3 Amortisation:
The depreciation amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life, which is presumed (rebuttable) not to exceed ten years. The method of amortisation should reflect the pattern in which the asset’s economic benefits are consumed by the enterprise. The standard requires the reporting enterprise to follow straight method in case such pattern cannot be determined reliably. The standard requires that the residual value of the asset be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for such assets which is probable to exist at the end of the economic life of the asset.

15.2.4 Impairment:
The standard requires the reporting enterprise to follow AS-28 to check for impairment of any asset. However the standard also lays down an additional requirement that the recoverable amount for the following intangible assets be also estimated at the end of each financial year even if there is no indication of impairment–

- an intangible asset that is not yet available for use; and
- an intangible asset that is amortised over a period exceeding ten years from the date when asset is available for use.

15.2.5 Retirement and Disposal:
The standard lays down that when the asset is disposed or when no future benefits are expected from its subsequent use or disposal, the asset should be eliminated from the balance sheet, recognising the income or expense as the case may be in the statement of profit and loss.

15.2.6 Disclosure:
- The standard requires the following disclosures for each class of assets:
  - The useful lives or the amortisation rates used.
  - The amortisation methods used.
  - The gross carrying amount and the accumulated amortisation at the beginning and at the end of the period.
  - Reconciliation of the carrying amount at the beginning and at the end of the period.
- Also the following additional requirements are placed
  - If an intangible asset is amortised over more than 10 years, the reasons why it is presumed that the useful life of an intangible asset will exceed 10 years.
  - Description, carrying amount and the remaining amortisation period of any Material individual intangible asset.
  - The existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liability.
  - The amount of commitments for the acquisition of intangible assets.
15.3 ACCOUNTING STANDARD – 9 – REVENUE RECOGNITION (AS-9):

Where any IPR is used commercially and the owner, patentee, or the right holder, whatever name he/she be referred to, lends it out to any other person, the consideration flows in the form of ROYALTY as it is commonly known. ROYALTY is the consideration for use of the IPR payable as per the terms agreed between the right holder and the licensee. It can be on time basis say, for a fixed period, or on piece basis say, for number of copies or items produced.

As per Para 8.3 of AS- 9 states that “Royalties” are accounted for in accordance with the terms of the relevant agreement between the licensor and licensee, unless having regard to the substance of the transactions, it is more appropriate to recognise revenue on some other systematic and rational way. Para- 13 (ii) of the Standard, which lays the guiding principles to be used, requires Royalties to be accounted for on accrual basis in accordance with the terms of the relevant agreement.

15.4 ACCOUNTING STANDARD – 28 – IMPAIRMENT OF ASSETS:

Accounting Standard 28 prescribes the procedures that an enterprise applies to ensure that its assets are not carried at more than their recoverable amount. An asset should be carried at its recoverable amount, which is the greater of amount recoverable by sale of the asset or through use. In case the carrying amount is greater than the recoverable amount, the asset is said to be impaired and the standard requires the reporting enterprise to report impairment loss. All principles regarding the recognition of impairment of an asset, recognition of loss and reversal thereof, and disclosures in relation thereto are similar to that in case of other assets.
16. SALES TAX / VAT ON IPR

Sales tax, be the old fashioned Central Sales Tax or as its refined brother VAT as implemented in most States of the republic of India is a tax on sale of Goods. If the Intellectual Property rights can be covered under the definition of goods, then the sale of these GOODS will attract Sales Tax. So let us start first by considering the definition of goods under different concerned Acts.

As per Section 2 (7) of the Sale of Goods Act, 1930, “Goods means every kind of Movable Property other than Actionable Claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or contract of sale;”

As per Section 2(d) of the Central Sales Tax Act, 1956, “Goods includes all materials, articles, commodities and all other kind of movable property, but does not include newspapers, actionable claims, stocks, shares and securities:

As per Section 2 (12) of the Maharashtra Value Added Tax Act, 2002, “goods means every kind of moveable property not being newspapers, actionable claims, money, stocks, shares, securities or lottery tickets and includes live stocks, growing crop, grass and trees and plants including the produce thereof including property in such goods attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale;”

As per Section 2(m) of the Madhya Pradesh VAT Act, 2002, “Goods means all kinds of Movable Property including Computer Software but excluding actionable claims, newspapers, stocks, shares, securities or Government Stamps and includes all materials, articles or commodities, whether or not to be used in the construction, fitting out, improvement or repair of movable or immovable property, and also includes all growing crops, grass, trees, plants and things attached to or forming part of the land which are agreed to be severed before the sale or under the contract of sale;”

As per Section 2(m) of the Delhi Value Added Tax Act, 2004, “goods means every kind of moveable property (other than newspapers, actionable claims, stocks, shares and securities) and includes –

- livestock, all materials, commodities, grass or things attached to or forming part of the earth which are agreed to be severed before sale or under a contract of sale; and
- property in goods (whether as goods or in some other form) involved in the execution of a works contract, lease or hire-purchase or those to be used in the fitting out, improvement or repair of movable property;”

Similar Definition can be found in various laws promulgated in different states of the country. All the above definitions include “all kinds of moveable property” in the broad definition of Goods.

Whether Intangible property which is actually a bundle of rights can be covered under “all kinds of moveable property” has been examined by the Supreme Court in H. Anraj vs. Government of Tamil Nadu {[(1986) 61 STC 165 (SC)]}, where it was held that incorporeal right of copyright can be regarded as ‘Goods’ eligible to Sales Tax. Hence any transaction relating to transfer of property in Intellectual Property Rights can be taxable under the Sales Tax Act.

The VAT acts have extended definition of the term Sales, which are very different from the general meaning of the term. Not only can a permanent sale of IPR be covered under the relevant VAT Act but a transaction of lending the IPR can be levied to Sales Tax. Following is the definition of Sale under Section 2 (24) of the Maharashtra Value Added Tax Act, 2002, “sale means a sale of goods made within the State for cash or deferred payment or other valuable consideration but does not
include a mortgage, hypothecation, charge or pledge; and the words "sell", "buy" and "purchase", with all their grammatical variations and cognate expressions, shall be construed accordingly;

Explanation- For the purposes of this clause,-

A sale within the State includes a sale determined to be inside the State in accordance with the principles formulated in section 4 of the Central Sales Tax Act, 1956;

- the transfer of property in any goods, otherwise than in pursuance of a contract, for cash, deferred payment or other valuable consideration;
- the transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;
- a delivery of goods on hire-purchase or any system of payment by instalments;
- the transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
- the supply of goods by any association or body of persons incorporated or not, to a member thereof or other valuable consideration;
- the supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service is made or given for cash, deferred payment or other valuable consideration."

As can be easily interpreted that the transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration is also covered under the extended definition of Sale.
17. INTELLECTUAL PROPERTY RIGHTS UNDER TRIPS AGREEMENT

17.1 Introduction
The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), negotiated during the Uruguay Round, introduced intellectual property rules for the first time into the multilateral trading system. The Agreement, while recognizing that intellectual property rights (IPRs) are private rights, establishes minimum standards of protection that each government has to give to the intellectual property right in each of the WTO Member countries. The Member countries are, however, free to provide higher standards of intellectual property rights protection.

The Agreement is based on and supplements, with additional obligations, the Paris, Berne, Rome and Washington conventions in their respective fields. Thus, the agreement does not constitute a fully independent convention, but rather an integrative instrument, which provides “Convention–plus” protection for IPRs.

The TRIPS Agreement is, by its coverage, the most comprehensive international instrument on IPRs, dealing with all types of IPRs, with the sole exception of breeders’ rights. IPRs covered under the TRIPS agreement are:

- Copyrights and related rights;
- Trade marks;
- Geographical Indications;
- Industrial Designs;
- Patents;
- Layout designs of integrated circuits; and
- Protection of undisclosed information (trade secrets).

The TRIPS agreement is based on the basic principles of the other WTO Agreements, like non-discrimination clauses - National Treatment and Most Favoured Nation Treatment, and are intended to promote “technological innovation” and “transfer and dissemination” of technology. It also recognizes the special needs of the least-developed country Members in respect of providing maximum flexibility in the domestic implementation of laws and regulations.

Part V of the TRIPS Agreement provides an institutionalized, multilateral means for the prevention of disputes relating to IPRs and settlement thereof. It is aimed at preventing unilateral actions.

17.2 Copyrights and related rights
Part II Section 1 (Article 9 to Article 14) of the TRIPS agreement deals with the minimum standard in respect of copyrights.

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. It is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

Advancements have continued in the field after the TRIPS as well. Two new treaties, collectively termed as Internet Treaties, were negotiated in 1996 under the auspices of the World Intellectual
Intellectual Property Rights Under Trips Agreement

Property Organization (WIPO). These treaties are called the ‘WIPO Copyrights Treaty (WCT)’ and the ‘WIPO Performances and Phonograms Treaty (WPPT)’. These treaties were negotiated essentially to provide for the protection of the rights of copyright holders, performers and producers of phonograms in the Internet and digital era. India has not joined these treaties as a member yet.

17.3 Trademarks
Part II Section 2 (Article 15 to Article 21) of the TRIPS agreement contains the provisions for minimum standards in respect of Trademarks.

A trademark is a distinctive sign, which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trademark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs.

A trademark provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services, or to authorize another to use it in return for a payment. The period of protection varies, but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees. Trademark protection is enforced by the courts, which in most systems have the authority to block trademark infringement.

There are two international treaties governing Trademarks - the Madrid Agreement Concerning the International Registration of Marks and the Madrid Protocol.

17.4 Geographical Indications (GI)
Section 3 Part II (Article 22 to Article 24) of the TRIPS Agreement contains the provisions for minimum standards in respect of geographical indications.

Geographical Indications of Goods are defined as that aspect of intellectual property, which refers to the geographical indication referring to a country or to a place situated therein as being the country or place of origin of that product. Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the fact of its origin in that defined geographical locality, region or country. Under Articles 1 (2) and 10 of the Paris Convention for the Protection of Industrial Property, geographical indications are covered as an element of IPRs.

17.5 Industrial Designs (ID)
Section 4, Part II (Article 25 and Article 26) of the TRIPS Agreement contains the provisions for minimum standards in respect of Industrial designs.

Industrial designs are an element of intellectual property. Industrial designs refer to creative activity, which result in the ornamental or formal appearance of a product. Design rights refer to a novel or original design that is accorded to the proprietor of a validly registered design. But it does not include any mode or principle or construction or any thing which is in substance a mere mechanical device.

17.6 Patents
Section 5 Part II of the TRIPS Agreement (Article 27 to Article 34) contains the provisions for standards in respect of the Patents.

A Patent is an exclusive right granted by a country to the inventor to make, use, manufacture and market the invention that satisfies the conditions of novelty, innovativeness and usefulness Members are required to comply with the Paris Convention for the Protection of Industrial Property.
17.7 Layout Designs of Integrated Circuits

Articles 35 to 38 of Section 6/Part II of the TRIPS agreement contain the provisions for protection of rights in respect of Layout Designs of Integrated Circuits.

The basis for protecting integrated circuit designs (Topographies) in the TRIPS Agreement is the Washington Treaty on Intellectual Property in Respect of Integrated Circuits, 1989. India is a signatory to this international agreement.

17.8 Protection of undisclosed information

Article 39 of Section 7 Part II of the TRIPS agreement elaborates on the protections of trade secrets.

A Trade Secret or undisclosed information is any information that has been intentionally treated as secret and is capable of commercial application with an economic interest. It protects information that confers a competitive advantage to those who possess such information, provided such information is not readily available with or discernible by the competitors. They include technical data, internal processes, methodologies, survey methods used by professional pollsters, recipes, a new invention for which a patent application has not yet been filed, list of customers, process of manufacture, techniques, formulae, drawings, training material, source code, etc. Trade Secrets can be used to protect valuable "know how" that gives an enterprise a competitive advantage over its competitors.

The Agreement provides that natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by or used by others without their consent in a manner contrary to honest commercial practices. Further, parties are required to protect against unfair commercial uses, undisclosed or other data obtained as a condition of approving the marketing of pharmaceutical or of agricultural chemical products.
The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations. It is dedicated to developing a balanced and accessible international intellectual property (IP) system, which rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest.

WIPO was established by the WIPO Convention in 1967 with a mandate from its Member States to promote the protection of IP throughout the world through cooperation among states and in collaboration with other international organizations. Its headquarter is in Geneva, Switzerland.
## 19. IMPORTANT ADDRESSES

Addresses and Name of the Contact Persons of the Intellectual Property Offices

<table>
<thead>
<tr>
<th>Controller General of Patents, Designs &amp; Trade Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhoudhik Sampada Bhavan,</td>
</tr>
<tr>
<td>Near Antop Hill Head Post Office, S.M. Road, Antop Hill, Mumbai-400037,</td>
</tr>
<tr>
<td><strong>Phones:</strong> 022-24123311, <strong>Fax:</strong> 022-24123322</td>
</tr>
<tr>
<td><strong>Web site:</strong> <a href="http://www.ipindia.nic.in">www.ipindia.nic.in</a></td>
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<thead>
<tr>
<th>Patent Offices</th>
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<tbody>
<tr>
<td><strong>Address</strong></td>
</tr>
<tr>
<td>The Patent Office, Intellectual Property Office Building, CP-2 Sector V, Salt Lake City, Kolkata-700091,</td>
</tr>
<tr>
<td><strong>Phone:</strong> 23671945, 1946, 1987, <strong>FAX:</strong> 033-2367-1988,</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:kolkata-patent@nic.in">kolkata-patent@nic.in</a></td>
</tr>
<tr>
<td>The Patent Office, Intellectual Property Office Building, G.S.T. Road, Guindy, Chennai-600032,</td>
</tr>
<tr>
<td><strong>Phone:</strong> 044-22322824-25, <strong>FAX:</strong> 044-22322878, <strong>Email:</strong> <a href="mailto:chennai-patent@nic.in">chennai-patent@nic.in</a></td>
</tr>
<tr>
<td>The Patent Office, Intellectual Property Office Building, Plot No. 32, Sector 14, Dwarka, New Delhi-110075,</td>
</tr>
<tr>
<td><strong>Phone:</strong> 011-28081922-25, <strong>FAX:</strong> 011-28081920-40,</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:delhi-patent@nic.in">delhi-patent@nic.in</a></td>
</tr>
<tr>
<td>Patent Office</td>
</tr>
<tr>
<td>Boudhik Sampada Bhawan,</td>
</tr>
<tr>
<td>S.M.Road, Near Antop Hill Post Office,</td>
</tr>
<tr>
<td>Antop Hill, Mumbai - 400 037.</td>
</tr>
<tr>
<td><strong>Phone:</strong> 24137701, 24141026, 24150381, 24148165, 24171457</td>
</tr>
<tr>
<td><strong>FAX:</strong> 24130387</td>
</tr>
<tr>
<td><strong>EMAIL:</strong> <a href="mailto:mumbai-patent@nic.in">mumbai-patent@nic.in</a></td>
</tr>
</tbody>
</table>
## Important Addresses

### Designs Wing of the Patent Office

The Patent Office(Designs Wing), Intellectual Property Office, CP-2 Sector V, Salt Lake City, Kolkata-700091

**Phone No.** 033-23671945-46, 23671987  
**FAX**-033-23671988, **Email:** kolkata-patent@nic.in

*Note: Application for Design can also be received by any of the Patent Office located at New Delhi, Chennai & Mumbai.*

### Trade Marks Registry

Office of the Trade Marks Registry, Bhoudhik Sampada Bhavan, Near Antop Hill Head Post Office, S.M. Road, Antop Hill, Mumbai-400037, **Email:** tmrmum@bom5.vsnl.net.in

Trade Marks Registry, Intellectual Property Office Building, CP-2 Sector V, Salt Lake City, Kolkata 700091,  
**Phone:** 033-23675975, 23672848, 23677307, **Fax:** 033-23677311,  
**Email:** tmrcalbr@cal2.vsnl.net.in

Trade Marks Registry, Intellectual Property Office Building, Plot No. 32, Sector 14, Dwarka, New Delhi 110 0075,  
**Phone:** 011-28082915-16, **Fax:** 28082917,  
**Email:** tmrdel@vsnl.net.in

Trade Marks Registry, Intellectual Property Office Building, G.S.T. Road, Guindy, Chennai 600032,  
**Phone:** 044-22321992, 22322441-42, **Fax:** 044-24314751  
**Email:** tmrchebr@md3.vsnl.net.in

Trade Marks Registry, National Chambers, 15/27, 1st floor, Ashram Road, Ahmedabad 380009,  
**Phone:** 079-26580567, 26587193, **Fax:** 079-26586763,  
**Email:** tmrahm@ad1.vsnl.net
<table>
<thead>
<tr>
<th><strong>Geographical Indications Registry</strong></th>
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<tbody>
<tr>
<td>Geographical Indications Registry, Intellectual Property Office Building, G.S.T. Road, Guindy, Chennai 600032,</td>
</tr>
<tr>
<td><strong>Phone</strong>: 044-22321992-93, 22321996, <strong>Fax</strong>: 044-22321991</td>
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<tr>
<th><strong>Semiconductor Integrated Circuits Layout-Design Registry (SICLDR)</strong></th>
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<tbody>
<tr>
<td>Semiconductor Integrated Circuits Layout-Design Registry</td>
</tr>
<tr>
<td>Room No. 3014-3015</td>
</tr>
<tr>
<td>Department of Information Technology</td>
</tr>
<tr>
<td>Electronics Niketan, 6 CGO Complex, Lodi Road</td>
</tr>
<tr>
<td>New Delhi-110003.</td>
</tr>
</tbody>
</table>
20. IMPORTANT WEB SITES

- Patents Office - http://www.patentoffice.nic.in/ipr/patent/patents.htm
- Copy Right Authority under the Ministry of Human Resource and Development 
  http://copyright.gov.in/
- Trade Mark registry  http://www.patentoffice.nic.in/tmr_new/default.htm
- Designs registration office http://www.patentoffice.nic.in/ipr/design/designs.htm
- Information on Geographical Indicators can be assessed at 
- India’s Clearing-House Mechanism site http://envfor.nic.in/envis/envis.html
- Information on protection of plant varieties and farmers rights can be assessed at Protection of Plant varieties and Farmers Rights Authority, Ministry of Agriculture 
  http://www.plantauthority.in/.
- Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, 
  http://agricoop.nic.in