

Doing business in India

Intellectual property rights



Australian Government
Australian Trade Commission



Introduction

India is Australia's fifth largest export market and is an increasingly important business destination for Australian companies. It is very important for Australian companies doing business, or planning to do business, in India to gain an understanding on protecting intellectual property (IP) in India. This brief provides guidance on the issues of IP infringement in India and offers advice on issues relating to the handling of intellectual property in India.

Generally, leading Indian corporations are respectful of IP Rights. India is ranked 55th of 130 countries for IP rights protection in the International Property Rights Index 2012.

India has been a World Trade Organization (WTO) member since 1995 and as per the charter WTO member nations must include IP protection in their national laws. Australian companies doing business in India are likely to find similarities between Indian and Australian IP law and enforcement procedures.

India is also a signatory to the following international IP agreements:

- **The Paris Convention:** any individual from a signatory state can apply for a patent or trademark in any other signatory state, and will be given the same enforcement rights and status as a national of that country where registration is being sought
- **The Berne Convention:** under this, each member state recognises the copyright of authors from other member states in the same way as the copyright of its own nationals
- **The Patent Cooperation Treaty:** this is a central system for obtaining a 'bundle' of national patent applications in different jurisdictions through a single application
- **The Madrid Protocol:** this allows a bundle of national trademark registrations in different jurisdictions to be made through a single application. This was acceded to by India in April 2013 and put into effect from July 8, 2013.

India is not yet a signatory to the Hague Agreement. The Hague Agreement allows the protection of designs in multiple countries through a single filing.

India is one of the largest exporters of IT services in the world. Innovation, manufacturing and the services industry are key drivers of the Indian economy and business ethos. International outbound investment from India has also increased, which has led to a significant amount of technology transfer through industrial acquisitions. For instance, Tata Steel's takeover of Corus brought with it more than 80 patents and 1,000 researchers.

India is positioning itself as a global R&D centre and thus has a strong focus on IP protection and enforcement by the government and major Indian businesses. Around 30 per cent of the top 1000 global R&D spending organisations have R&D centres in India. A robust talent pool supports the increasing R&D activity in India. In 2012, Indian companies topped globally in investment in R&D, with the largest increase in investment calculated at 35.1 per cent¹. India is one of the most sought after locations for engineering off-shoring. Companies across sectors (such as IT, consumer electronics, personal devices, medical electronics, telecom and automobiles) are now sending complete product responsibility offshore.

The pharmaceutical sector is an area of contention in India. The recent high profile case involving the revocation of Swiss company Novartis AG's patent for its anti-cancer vaccine has global ramifications. The Supreme Court of India's decision dismissing Novartis' appeal for the patent is hailed as a victory for patients fighting for access to medicines and upholds the public health safeguard related provision embodied under the Patents Act, 1970. This can be seen as the recognition of the impact of product patents on access to medicines. Similar decisions that do not support patents for minor modifications to known molecules, would facilitate the early entry of generic medicines into the market, providing easier and less costly access to medicines. The Indian Patents law prohibits ever-greening and does not support any measure to extend patents beyond their normal lives.

¹ www.business-standard.com/article/companies/india-inc-tops-r-d-investment-growth-global-chart-113012000404_1.html

Registering and enforcing intellectual property rights in India

It is advisable for foreign companies doing business in India to register their IP rights at the outset so as to enjoy unhindered protection and avoid any infringement issues at a later date. The Indian law allows foreign companies to register all forms of IP including patents, trademarks, designs and copyrights. While copyright, trademark and patent applications can be filed online, design applications can only be filed in person. Applicants that do not have a registered place of business in India are required to file applications through an Indian attorney or agent.

In the recent past, there has been a considerable increase in the filing of various IP applications in India and as per the Annual Report 2010-2011 of the Office of the Controller General of Patents, Designs, Trademarks and Geographical Indication, the statistical figures relating to the same are as follows:

Intellectual Property	2009-2010	2010-2011	Compound Annual Growth Rate (%)
Patents	34,287	39,400	14.91
Designs	6,092	7,589	24.57
Trademarks	141,943	179,317	26.33

The growing number of IP applications indicates an increase in in-house R&D and innovation within Indian firms.

The office of the Controller General of Patents, Designs and Trademarks is the government authority responsible for the administration of patents, trademarks and designs in India, which are registered through the Indian Patent Office (IPO). The IPO provides searchable trademarks, patent and design databases. However, the country level '.in' domain names in India are monitored and administered by the National Internet Exchange of India.

Copyright

Copyright is a right given by law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. A copyright protects original literary, dramatic, musical and artistic works and cinematograph films and sound recordings from unauthorised use. It neither protects the idea (for example an algorithm or plot that is associated with the code or novel) nor the title / name of the book (which is protected by Trademarks). Copyright protection is an automatic right, which comes into effect when the work is done / put into writing, however it is advisable to register copyrights with the Copyrights Office to strengthen the author's case in a court of law should there be any infringement issues at a later date.

The copyright protection and enforcement laws in India have been laid down under the Copyright Act 1957 and the recently amended Copyright Rules 2013. India is also a signatory to the Berne Convention on copyrights. E-filing of a copyright application at India's copyright office is possible here. A report on India's copyright laws related to software can be accessed at <http://copyright.gov.in/>

Designs

The protection for industrial designs is applicable for a unique shape, configuration or pattern of an article.

The Designs Act 2000 and the Designs Rules 2001 lays down the law governing designs in India. Registrations of designs are valid for a maximum of ten years, renewable for a further five years. Applications must pass a substantive examination and the process usually takes six to nine months.

Additional information about the design protection is available at <http://ipindia.nic.in/ipr/design/designs.htm>

A 10 step guide to industrial design application is available at http://ipindia.nic.in/ipr/design/tstep_design.PDF

Geographical indications

Geographical Indications of goods is that aspect of industrial property which refers to the geographical indication referring to a country / place as being the country / place of origin of a particular product. Such a name signifies an assurance of quality and distinctiveness essentially attributable to the fact of its origin in the geographical region or country. The applicant can be any association of persons or an authority established by law that represents the interests of producers.

The law concerning geographical indication in India is laid down under the Geographical Indications of Goods (Registration & Protection) Act 1999 and the Rules framed thereunder. The registration is granted for a period of ten years at a particular instance and further renewable at the time of expiration of the said term.

Patents

Patents protect inventions – usually an industrial product. The product must be novel, non-obvious and must have some valid industrial application. However, some things cannot be patented in India. Patent may be granted either on the product or the process. If the grant of the patent is for a product, then the patentee has a right to prevent others from making, using, offering for sale, selling or importing the patented product in India. If the patent is for a process, then the patentee has the right to prevent others from using the process, using the product directly obtained by the process, offering for sale, selling or importing the product in India directly obtained by the process.

The law concerning patents in India is set out under the Patents Act 1970 and the Patent Rules 2003. The regulatory authority for patents is the Patent Registrar within the department of the Controller General of Patents, Designs and Trademarks, which is part of India's Ministry of Commerce and Industry.

Patent protection in India extends for a period of 20 years. Patent applications are complicated and it is advisable to use a good patent lawyer for filing. Information on Patents in India is available at <http://ipindia.nic.in/ipr/patent/patents.htm>

Indian patent examiners commonly raise clarity objections, which mean that a higher number of modifications may be required to make patent specifications compliant with the Indian practice.

The unauthorised copying, making, importing, using, offering for sale or selling any patented invention within the India would constitute patent infringement as per the Indian law. The Patents Act 1970 lays down that patent infringement proceedings can only be initiated after grant of patent in India but may include a claim retrospectively from the date of publication of the application for grant of the patent. As per the existing law only a civil action can be initiated for infringement of patents in India.

India's patent law operates under the 'first to file' principle - that is, if two people apply for a patent on an identical invention, the first one to file the application will be awarded the patent.

Plant varieties

The Protection of Plant Varieties and Farmers' Rights Act 2001 and the Rules thereunder provide for the law concerning plant varieties. Plant variety rights can be protected in India for up to 18 years depending on the type of plant under the said relevant legislation.

Trademarks

A trademark consists of any word, name, symbol, or device capable of distinguishing the goods or services of one person from those of others, and may include shape of goods, their packaging and combination of colours. Trademark includes a brand name, house mark and service mark. A trademark may be in the form of an insignia, label, name, sign, logo, device, signature, numerals, packaging, shape of goods, colour combination etc. It usually identifies the

product and acknowledges its unchanged quality and helps to advertise the product. Trademark protects a brand from being misused by copycats. Trade names also constitute a form of trademark in India, with protection, irrespective of existing trade names, for those wishing to trade under their own surname. Protection is also available for non-traditional marks such as three-dimensional signs.

The Trademarks Act 1999 and the Trademarks Rules 2002, which came into effect in 2003, lay down the trademark law in India.

The Government of India's trademarks search tool is normally considered as a good point to initiate the trademark registration process. Currently, it costs about Rs.3,500 [A\$70 approximately] to apply for a trademark in India. It is advisable to use the services of a good trademark lawyer for the purpose of filing and prosecuting trademark applications. It normally takes up to two years to obtain registration of a trademark. Once registered, a trademark is valid for ten years and can be renewed thereafter indefinitely for further ten year periods.

India has a first-to-use rule for obtaining trademark rights. This means the person to first use a mark in India will generally have superior rights to a person who files a trademark application at a later date. A trademark may be cancelled if not used within five years from registration and a third party may bring an action for removal of the mark.

For the protection of Trademarks in India, powers such as the ability to search premises and seize goods suspected of being counterfeit without a warrant, have also been divested on the police authorities. However, these powers are tempered by the requirement for the police to seek the Registrar of Trademark's opinion on the registration of the mark before taking action. Customs regulations provide cross-border measures to protect IP rights.

Because of the widespread practice of 'cybersquatting' that is, the registration in bad faith of marks by third parties registering domain names for certain well known marks in order to sell them back to the original rights owners - it is advisable for rights owners to register their domain names in India as trademarks as soon as possible.

The Madrid Protocol would also soon become enforceable in India, which will permit the filing of a single trademark application with the effect of potential protection in multiple countries.

Enforcing intellectual property rights in India

IP rights can be enforced by initiating infringement actions in civil courts or through criminal prosecution and the procedure for both civil and criminal actions has been specifically set out under the relevant IP legislations governing the specific form of IP.

It may be noted that the costs of filing, registration and litigation are relatively low in India as compared to Australia, but the legal procedures in India can take quite some time.

Over the years various decisions passed in favour of foreign companies against local infringers have demonstrated the Indian judiciary's impartial approach. In copyright and trademark infringement cases (which come under criminal litigation) courts routinely tend to award damages, however this may not be the case in patent infringement cases.

In India, infringing action is normally the result of a complaint made by rightful owners to magistrates or police authorities. As in other commonwealth countries, the Indian Government also actions and becomes a party to such criminal proceedings against infringers which may carry harsher punishments including fines and imprisonment.

Besides, the India Civil Procedure Code 1908 provides for a formal mediation process and it may be noted that mediation or negotiation with an infringer can also be an effective alternative form of dispute resolution.

The following are some of the steps that Australian companies can take to prevent infringement of their IP rights:

- put in place effective IP-related clauses in employment contracts

- educate employees on IP rights and protection
- ensure there is no 'leakage' of original packaging, which might be used by counterfeiters to pass off fake product
- check production over-runs to make sure that genuine product is not being sold under a different name.
- ensure that there is significant investment in the design and development of products to prevent counterfeiters from reproducing the same easily
- use sound physical protection and destruction methods for documents, drawings, tooling, samples and machinery

Potential problems faced in India and how to deal with them

India's IP legislation covers every significant aspect of the protection of IP. The regulations relating to all forms of IP have been amended or reissued in recent years, mainly in response to India's accession to the WTO in 1995.

Although Indian IP law is thorough and generally comparable with Australian or European IP laws, there are still significant concerns over IP enforcement. A major cause for concern in enforcement is bureaucratic delay, with a backlog of cases at both the civil and criminal courts resulting in cases running for many years.

A significant feature of the IP environment in India is the large number of small players infringing IP rights. This means that seizures tend to be small, which requires a sustained and financially draining effort in order to make an impact.

An advantage for Australian businesses operating in India is that the legal system is based on common law, so the fundamental processes are similar.

The most important way to avoid problems when defending IP rights in India is to be prepared. In order to anticipate any potential infringement issues, Australian companies should:

- take advice from Indian IP rights experts
- consult publications and websites on Indian IP rights and protection in general
- carry out risk assessment and due diligence checks on any organisations and individuals that they deal with so as to ensure that they find the right business partner
- take professional advice from other experts – eg. lawyers, diplomatic posts, business associations, and other Australian and international experts
- talk to other businesses already doing similar business in India
- consult agents, distributors and suppliers on how best to safeguard their rights
- check with trademark or patent attorneys to see whether there have been previous registrations of their own marks, or other IP, in India

Professional advice

It is recommended that companies considering exporting to India should contact an IP professional experienced in Indian IP law and trade to advise on local IP, customs and other laws regulating imports and trade in India. Australian IP professionals can facilitate such contact.

Where to get intellectual property help in India

Local law firms in India can offer legal advice and services specific to business needs. The Chambers and Partners website offers a search facility listing Indian local law firms:

www.chambersandpartners.com/Asia/Search/Location/110

The Australian Trade Commission

The Australian Trade Commission – Austrade – is the Australian Government’s trade, investment and education promotion agency.

Through a global network of offices, Austrade assists Australian companies to grow their international business, attracts productive foreign direct investment into Australia and promotes Australia’s education sector internationally.

Austrade provides information and advice that can help Australian companies reduce the time, cost and risk of exporting. We also provide a range of services to Australian exporters looking to expand their business in growth and emerging markets, including:

- information and advice on doing business in international markets
- help with overseas market selection
- identification of relevant overseas contacts
- assistance with market entry and expansion
- identification and follow-up of specific international business opportunities.

We also administer the Export Market Development Grant (EMDG) scheme – the Australian Government’s financial assistance program for aspiring and current exporters.

W www.austrade.gov.au E info@austrade.gov.au T 13 28 78 (within Australia)

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