



WHAT AMOUNTS TO
I N F R I N G E M E N T



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Goodwill and originality are two essential determinants for a business to grow consistently. Being blamed of infringement is a detrimental remark for a business growth. However, it is seldom taken as a serious concern during the launch of a product or start of a new business. Sometimes, it becomes lethal for an entire organization and consequently the normal proliferation of the business is refrained.

We are living in such a techno-savvy era where a technology survives just 3-4 years before being taken over by advanced versions. But, it is noteworthy that this life-span is enough to fulfill the business expectations if the same is fully utilized without any legal hindrance. A new technology is always an outcome of 2-3 years of R&D, huge financial investment and excellence of human intellect. An innovation always runs parallel to the risk of failure and it ultimately dies with the introduction of new and advanced technologies.

An IP right does not guarantee business execution right. IP right is entirely different from the Business right. Ironically, it is always taken as a synonym rather than complimentary. The fact can be adjudged by analyzing the trend of marketability of patented products. Statistics indicate that more than 95%

patents fail to reach market and die at early stage of their life cycle. Some die due to poor drafting and lack of inventiveness, some die during the prosecution stage, some die during the commercialization stage, some die before onset of exploitation, some die due to legal battles, and some die due to sudden technology drift.

Product failure contributors such as legal battles and pre-launch hurdles at the commercialization stage often signify risks of overlapping someone else's territory. Risking infringement and escaping market due diligence is a synonym to business suicide. Knowingly or unknowingly, one might infringe upon the rights of other market players. One needs to identify different aspects pertaining to a product and decide the course of action.

INFRINGEMENT ISSUE

A sharp and focused vision is necessary to convert an IP right into a successful business. This focus should be in place right at the time of generation of an idea and should be set until the expiration of the technology. This would enable one to judge objectively the various issues pertaining to filing, commercialization, infringement, and finally the business, and help on identify the way outs.

When you check with the infringement issues it would be required to identify overall aspects that would amount to infringement of Intellectual Property Rights. Generally, a product is protected by various IP rights viz. patent, design, trademark, copyright etc. It may possible that a product is covered by more than 5 patents or, a single patent may form part of more than 5 products. Violation of any right in any product may amount to infringement.

Acquiring a patent right or design right does not give the right to market the product. It is not necessary that always a new product is claimed under the patent right. A modification in any of the attributes of already existing product may be claimed as patent right and patents are indeed being granted for such advancements. However, to execute such patent and launch product one would certainly need other attributes of that product which might have already been protected by others. Thus, utilizing one's own rights would require utilization of other's rights also and an unauthorized utilization of the same would amount to infringement.



LEGAL DEFINITION

Any unauthorized use, selling, making, offer to sale other's Intellectual Property Rights is termed as Infringement. The various intellectual Property laws have codified the term Infringement relevant to those particular laws.

Patent Infringement:

According to Section 48 of the Indian Patent Act, 1970 which states the Rights of patentee “where the patent is for an article or substance, the exclusive right by himself, his agents or licensees to make, use, exercise, sell or distribute such article or substance in India; and where a patent is for a method or process of manufacturing an article or substance, the exclusive right by himself, his agents or licensees to use or exercise the method or process in India”. Any violation of such rights amounts to the Patent Infringement.

Means whoever without authority makes, uses, offers to sell, imports or sells any patented invention, within the territory of India infringes the patent.

Design Infringement:

According to Indian Design Act, 2000, design right confers only the features of shape, configuration, pattern, ornament or composition of lines or colors applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark. Any violation of such rights is termed as Design Infringement.

It should be noted that Design Right does not cover the functional aspect of a product. Means, even with a valid design right on a product, one cannot utilize it if the functional aspect of the same product is covered under someone else's patent right; hence, launching such product despite having a valid Design Right would amount to infringement of the Patent Right.

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Trademark Infringement:

According to section 29 of Trademark Act, 1999, a registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services or imports or exports goods under the mark. Further, the trade mark may be infringed by the spoken use of those words as well as by visual representation.

Copyright Infringement:

According to section 51 of the Indian Copyright Act, 1957, copyright infringement constitutes when any person 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.



These definitions of various IP Infringements set the exact boundary of infringement. By knowing the exact limitation of individual right one can easily interpret the risk of infringement and avoid legal battles relating to IP infringement.

INFRINGEMENT ANATOMY

There are various aspects of violation of monopolistic right which amount to infringement. While considering the actual infringement we have to look each and every proportion of the intellectual property rights together with jurisdictional right, marketing right, manufacturing right and time bound right. As per our opinion an infringement can be identified, analyzed or measured under the following heads:

Infringement during Pendency:

There is a definite procedure and certain time line followed to grant a valid IP Right. It is also true that many such applications fail the basic criteria of registerability and are rejected during the prosecution. However, IP laws, Patent Act and Design Act in particular, provide certain protection during the pendency of an IP right and violation of such right would amount to infringement. The rights are deemed to be granted from the date of publication of Patent/Design Application. However, infringement suit cannot be initiated until patent/design rights are granted. Hence, it can be interpreted that although, there is no direct protection during pendency, there are provisions to take legal action against infringers at later stage.

Means, after grant of a valid right, patentee can claim the damages from the date of first publication of the invention. Business done by the other party during the pendency period would amount to infringement and shall be punishable accordingly. In other words, one may point out that if the application is rejected, the business done by other party would not be amounted to infringement.

Jurisdictional Infringement:

Most of the IP rights are territorial in nature. Means, IP right is valid in those countries only where it is filed and registered. In rest of the countries, it becomes generic and can be used by anyone. For example, say an invention is patented in country A and not in B. In country A, it will be illegal to use, sell, import or manufacture the patented product without written permission of the patentee; on the other hand the same product is free to use, sell, import or manufacture by anyone in country B.

It should be noted that it is near to impossible to protect an invention in entire world. There is no such term of “International Patent” or “International Right”. Applicants file their applications according to their business needs and the availability of fund. It is not possible to cover every country of the world and it may also not be worth protecting in all the countries. That means every single invention is protected in some jurisdiction and at the same time it is unprotected in other. Using or exploiting an invention where it is not protected would not amount to any infringement. Although importing or exporting such product in those jurisdictions where it is protected would certainly amount to infringement.

Some of the live instances of such jurisdictional infringement are given below:

On November 12, 2008, 49 kilograms of generic substitute for abacavir manufactured by Aurbindo Pharma Ltd., moved from India to HIV/AIDS patients in Nigeria was seized at the Schipol Airport in Amsterdam. It was seized on the grounds that it contained counterfeit materials and infringed GlaxoSmithKline's patent for abacavir.

On October, 2009, a consignment of 1.74 million tablets of anti-platelet drug clopidogrel manufactured by Macleods Pharma, Mumbai to Venezuela was seized at the Paris airport on grounds of patent violation of Plavix by US-based Bristol-Myers Squibb and French based Sanofi Aventis.

On January, 2009 Dr Reddy's consignment, worth Rs 2.4 crore from India to Brazil was seized in transit by Dutch customs on charges of patent infringement of bulk drug losartan. The patent for losartan in the Netherlands is held by US-based DuPont under the Cozaar brand.

Direct Infringement:

What is claimed in the claims of a patent specification decides the legal boundary of the invention. The right is limited to such claimed boundary and allows the actual owner to stop other from exercise of making, using, importing and offering to sale within that boundary. Any intrusion by others within that boundary would amount to direct infringement of the rights.

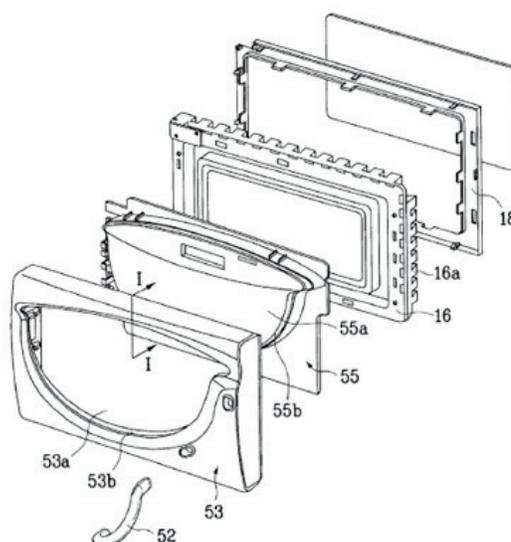
Indirect Infringement:

In many instances people use, make or sale that product which is almost similar or substantially similar to the patented device unknowingly or accidentally. Such accidental violations of other's right are termed as Indirect Infringement. Though innocence is not bliss in law, but due consideration is given to such infringers if it is proved that the infringement was solely unintentional. For becoming a smart business man it is always recommended to have a watch on the competitor's product and technology update.

Product Infringement:

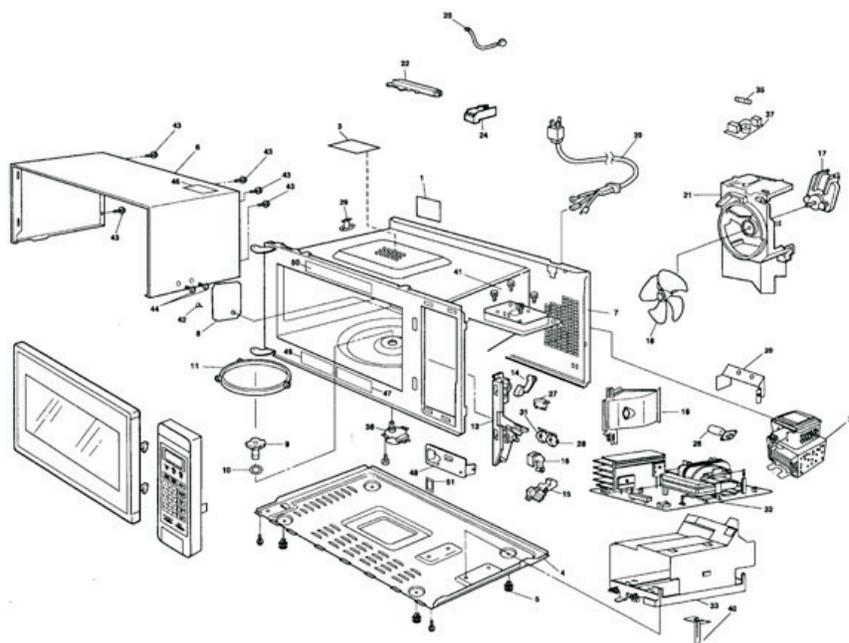
Is my product infringing on other's patent? This question must be answered and a reality check should be done before entering or launching the product in the market. If the answer is in your favor, no one would stop to achieve your business goal. The question is seemingly very simple but is a tough nut to crack. One must follow each and every aspect of non-infringement check or what is commonly known as 'freedom to operate', as per the specified laws.

The non-infringement check is very crucial for the success of any product, be it a patented or non-patented product. Let us take an example of invention relating to microwave oven. The PCT/KR2002/002133 having title 'DOOR FOR MICROWAVE OVEN' of LG ELECTRONICS INC. relates to a microwave oven and more particularly to a door for selectively closing a front surface of a microwave oven.



This invention has various advantages viz. it provides a door of a microwave oven permitting efficient use of a space of the microwave oven and capable of preventing wrongful operation of a microwave oven. This invention is advancement over the existing microwave oven and limited to the door portion of the microwave.

Now let us check the complete picture of a microwave oven. A microwave consists of many parts viz. housing, transformer, magnetron tube, front touch panel pad, internal chamber, door, safety relay, motors, cooking chamber, stirrer, turntable, sensors and others.



These attributes of a microwave oven are getting improved by regular advancement in the technology and are being protected by various innovators. It is possible that a single part of a microwave oven is protected by various patent applications and has the unique feature in each application. In other words, there could be thousands of patents related with the each part of the microwave oven. To utilize a single advancement one has to encounter with several patents associated with the same oven.

Now let us take the LG's patent 'Door for Microwave Oven'. The said patent is a part of microwave oven and cannot be sold as discrete product. To utilize/exercise this patent LG has to assemble the unique door feature with other parts of the existing microwave oven. LG got patent only on the door feature and other parts of the microwave oven are either protected by others or are part of generic use. Before launch of a microwave oven with this unique door technology LG would have to check and ensure each and every aspect of infringement associated with each and every part of the microwave. If one or two parts are protected by others, LG has to take permission through general technology license, otherwise it would amount to direct infringement of other's right. In addition to that, it may be possible that the appearance of the microwave is protected under the design right by others. So, LG has to check with the appearance of device and avoid any infringement of that design right.

This proves that a valid IP right does not guarantee a right to do business. A subtle mistake while checking the non-infringement issue may be disastrous to any business.

CONCLUSION

Though Intellectual Property Rights complement business in positive manner, it is indeed a double edged sword. One needs to be very alert and proactive while dealing with IP issues. A strong business sense together with the knowledge of associated intellectual property issues would certainly help to achieve business goals and minimize the market risks. Ignorance may not be bliss in law, but it is indeed a curse in business.



Authors

Lalit Ambastha is founder director of Patentwire, an Independent Patent & Technology Consulting Firm. He is a Registered Patent Agent in India, and is specializing in the area of Intellectual Property. He is a post graduate in Science and a WIPO alumnus. He can be reached at lalit.ambastha@patentwire.co.in

Shruti Kaushik is director of Patentwire, an Independent Patent & Technology Consulting Firm. A Registered Patent Agent in India, she is a post graduate in Science and Business Administration. She can be reached at k.shruti@patentwire.co.in

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