Intellectual Property Right in Global Business Environment

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Concept of IP

Intellectual property (IP) is now an integral part of innovation-driven socio-economic development across the globe and as an effective policy instrument with respect to a range of technological, socio-economic, political concerns. IP generation, valuation, protection, and commercialisation are growing in complexity. New knowledge based economy is resulting new forms of IP protection.

Intellectual property, means the legal rights which result from intellectual activity and creation in the industrial, scientific, literary and artistic fields. Laws to protect intellectual property has two objectives One is to give rights for creator the moral and economic rights for their creations and the rights of the public to get access to those creations. The second is to promote creativity and innovation and application of the creation, for economic and social development. Intellectual property law aims at granting the creator certain time limited rights to control the use made of those productions. Intellectual property is divided into two categories, “industrial property” and “copyright.”

The World Intellectual Property Organization (WIPO), was established in Stockholm on July 14, 1967 WIPO Article 2(viii)) provides that intellectual property rights include below categories of invention and work.

Patent: A patent is a document, issued, upon application, by a government office, which describes an invention and creates a legal situation in which the patented invention can normally only be exploited (manufactured, used, sold, imported) with the authorization of the owner of the patent. “Invention” is a solution to a specific product or process problem in the field of technology. The protection conferred by the patent is limited to 20 years. In many countries, inventions are also protectable through registration under the name of “utility model” or “short-term patent.” Patents does not give the right to the inventor or the owner of a patented invention to make, use or sell anything. The effects of the grant of a patent is it may not be exploited in the country by persons other than the owner of the patent unless the owner agrees to such exploitation. The right to act against any person exploiting the patented invention in the country without his agreement constitutes the patent owner’s most important right, he is entitled for material benefit as a reward for his intellectual effort and work leading to the invention. The State grants patent rights, it does not automatically enforce them, and it is up to the owner of a patent to bring an action, usually under civil law, for any infringement of his patent rights.

An invention must meet several criteria for patent grant.

- Consist of patentable subject matter,
- Must be industrially applicable (useful),
- Must be new (novel), it must exhibit a sufficient “inventive step” (be non-obvious),
- Disclosure of the invention in the patent application must meet certain standards.

Copyright: Deals with the rights of intellectual creators in their creation of authoring books, paintings or drawings, exist only once they are embodied in a physical object and/or exist without embodiment in a physical object. For example, music or poems are works even if they are not, or even before they are, written down by a musical notation or words. Copyright law protects the owner of rights in artistic works against those who “copy”, the right to control the act of reproduction is the legal basis for many forms of exploitation of protected works.
Table: copyright category

<table>
<thead>
<tr>
<th>Work Category</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literary</td>
<td>Books, poems, lyrics, software, database, written works</td>
</tr>
<tr>
<td>Artistic</td>
<td>Photographs, drawing, painting, sculptures, architecture, computer graphics</td>
</tr>
<tr>
<td>Dramatic</td>
<td>Screenplays, choreography</td>
</tr>
<tr>
<td>Music</td>
<td>Notation, operas, compositions</td>
</tr>
<tr>
<td>Cinematographic</td>
<td>Moving image, computer games, animations</td>
</tr>
<tr>
<td>Sound recording</td>
<td>Recorded sound, like CD, DVD, Mp3, podcasts</td>
</tr>
<tr>
<td>Broadcast</td>
<td>Television, radio broadcast</td>
</tr>
<tr>
<td>Published materials</td>
<td>Publisher typeface, layout etc.</td>
</tr>
</tbody>
</table>

**Trademark:** Is any words, letters/numerals, devices, coloured marks, 3D signs, audible signs, olfactory marks, & invisible signs that differentiates the goods of a given enterprise and distinguishes them from the goods of its competitors. The requirements which a sign must fulfill to serve as a trademark are reasonably standard throughout the world.

**Industrial Design & Integrated Circuit:** Protect the original ornamental and non-functional features of an industrial article or product that result from design activity. Visual appeal is one of the considerations of consumers to prefer one product over another, particularly in areas where a range of products performing the same function is available in the market.

Second is the protection of intellectual property of layout-designs (topographies) of integrated circuits. The creation of a new layout-design for an integrated circuit involves an important investment, copying of such a layout-design may cost only a fraction of that investment and preparing masks for its production.

**Geographical Indications:** When we hear “Champagne,” “Darjeeling” which are associated with products of a certain nature and quality, we think of products rather than the places they designate, and the common feature is their geographical connotation, designating existing places, towns, regions or countries. Protection right under this category prevent unauthorized persons from using geographical indications, either for products which do not originate from the geographical place indicated, or not complying with the prescribed quality standards.

**Protection Against Unfair Competition:** Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition particularly all acts of such a nature as to create confusion, discredit, by any means whatever with the establishment, the goods, or the industrial or commercial activities of the competitor. The industrial property rights are granted and confer exclusive rights with respect to the subject matter concerned, protection against unfair competition based on the consideration either stated in legislative provisions or recognized as a general principle of law.

**Enforcement of IP**

Industrial property offices frequently have quasi-judicial functions in the administration of industrial property systems, and provide a forum for procedures for contesting rights under consideration or granted by the office. Those procedures are often referred to as opposition procedures.

The first opportunity for opposition based on the competitor producing goods of the same character as those covered by the patent application, that a patent which could affect their business is being applied for, is at the first publication stage, 18 months after the priority date by scrutinizing patent office publications, which come within the scope of one’s own patents. In most systems, a patent is the right enforceable in a court, by filing an application to the court to prevent the manufacture, sale and use of a patented invention. The court may pass the appropriate order and stop the competitor from using it.

**Litigation:** It is common to have some form of internal appeal against a patent or trademark examiner’s decision. Whatever the arrangement for internal appeal may be, in most intellectual property systems the courts play an important role in hearing appeals from decisions of the Industrial Property Office and in adjudicating infringement actions.

**Arbitration:** Alternative Dispute Resolution, or ADR, is for resolving intellectual property disputes without having to start court proceedings. There are many forms of ADR. The most common are arbitration and mediation. Intellectual property disputes are also resolved based on expert opinions. It is a less formal procedure than litigation, but still shares some of the elements of a court procedure.
International Treaties

The Paris Convention for protection of IP: A Diplomatic Conference was convened in Paris in 1883, which ended with final approval and signature of the Paris Convention for the Protection of Industrial Property.

The Berne Convention for protection of IP: Copyright protection on the international level began by about the middle of the nineteenth century based on bilateral treaties.

The Patent cooperation treaty: An agreement for international cooperation in the field of patents. The national patent system requires the filing of individual patent applications for each country for which patent protection is sought. The priority of an earlier application can be claimed for applications filed subsequently in foreign countries but such later applications must be filed within 12 months of the filing date of the earlier application. The task and responsibility for granting patents remains exclusively in the hands of the Patent Offices of the countries where protection is sought. Patents granted based on international applications will usually provide a sounder basis for investment and thus preparing the route for technology transfer and licensing agreements.

The Patent Law treaty: The Patent Law Treaty (PLT) was adopted on June 1, 2000 at a Diplomatic Conference in Geneva. The purpose is to harmonize and streamline procedures in respect of national and regional patent applications. With a significant exception for the filing date requirements, the PLT provides maximum sets of requirements which the Office of a Contracting Party may apply.

The WIPO copyright treaty: The Berne Convention for the Protection of Literary and Artistic Works, after its adoption in 1886, were convened, in general, to find responses to new technological developments, such as sound recording technology, photography, radio, cinematography and television. After the adoption of the TRIPS Agreement, the ground work of new copyright and related rights norms in the WIPO committees was taken up to address with problems not covered by the TRIPS Agreement.

TRIPS and WIPO-WTO cooperation: The TRIPS Agreement states that, the term “intellectual property” refers to all categories of intellectual property that are the subject of Sections I through 7 of Part II of the TRIPS Agreement, namely, copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits and undisclosed information. The industrial property law been based on international treaties between sovereign states and which now form the foundation of the international system for the protection of intellectual property. WIPO’s to consider new options for accelerating the development of international harmonized common principles and rules has undertaken a process of international consultation which has produced a series of recommendations on mechanisms to combat challenge increasingly faced by trademark owners because of abusive registration and use of Internet domain names by third parties.

Technological development

TRIPS Agreement requires that patents be available in all fields of technology, if they are new, involve an inventive step and are capable of industrial application, subject to certain limited exceptions.

Computer program: In many countries, software-related inventions are patentable subject matter if they have a technical character or involve technical teaching, an instruction addressed to a person skilled in the art on how to solve a technical problem using technical means. Software related inventions should have a technical effect and it is then necessary to examine whether the conditions of patentability are fulfilled. Computer programs in object code form share the copyright status of other literary and artistic works stored in computer systems in machine-readable form. While they are unintelligible in object code, they can be retrieved by decompiling into source code form.

Biotechnology: Inventions fall into processes for the creation or modification of living organisms and biological material, the results of such processes, and the use of such results. Genetic engineering processes to modify the genetic composition of living organisms is used in the modification of microorganisms and plants to produce new medicines which may be effective in combating diseases. Application has expanded to health care, agriculture, food processing, bioremediation, forestry, enzymes, chemicals, cosmetics, energy, paper making, electronics, textiles and mining.

Communication technologies: In the field of broadcast communications signals are sent to the satellite from one specific country, but they can be received in two or more countries. It must be determined which law apply to such international transmissions, the country from which the transmission originates or the countries in which it can be received.

The WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) address this problem by obliging the States party to those treaties to provide adequate legal protection and effective legal remedies against thecircumvention of such technological protection measures. Satellite broadcasters use encryption technology to limit the reception of their programs through subscription fees from the viewers, and in this case the equipment necessary to decode
the program is only furnished to the subscribers, for example, in the form of a “smart card” inserted in the receiver box (Set top box).

Innovations have led to the new digital economy, in financial markets and trade flows, innovative business models, and new opportunities for creators and consumers. The largest segment of business to consumer electronic commerce involves intangible products that can be delivered directly over the network to the consumer, such as entertainment, travel, news, and financial services, the content that is being offered is subject to intellectual property rights. This commerce in intangible products raises many issues for intellectual property, in addition to those that would arise in respect of physical goods.

The WIPO Processes conducted through a combination of Internet-based and personal consultations throughout the various regions of the world, in a balanced and transparent manner to reach the broadest possible consensus in its recommendations, so that the interests of all Internet stake-holders could be considered and practical workable solutions found.

**Patent system in India:** Is administered under the superintendence of the Controller General of Patents, Designs, Trademarks and Geographical Indications (CGPDTM), under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. There are four Patent Offices in India. The Head Office is at Kolkata and other Patent Offices are located at Delhi, Mumbai and Chennai. India is a member of the Patent Cooperation Treaty.

**International Patent Process:** The PCT facilitates the obtaining of protection for inventions where such protection is sought in any or all the PCT Contracting States. It provides for the filing of one patent application with effect in several States, instead of filing several separate national and/or regional patent applications. In addition to designations of PCT Contracting States for the purposes of obtaining national patents and similar titles, an international application includes designations for regional patents in respect of States party to any of the following regional patent treaties:

The PCT does not eliminate the necessity of prosecuting the international application in the national phase of processing before the national or regional Offices, but it does facilitate such prosecution in several important respects by the procedures carried out on all international applications during the international phase of processing.

**IP Management Strategy**

An IP strategy should be developed aligning to organisation vision and business strategy and needs. A sound IP strategy will assist the organisation to achieve its commercial goals effectively. IP strategy should drive the new product development and should minimise the risks involved in investing in the development of new products. The Value creation/extraction can be achieved through various approach in phased manner of evolution and maturity as follows.

![IP Management Strategy](image)

**Adhoc:** This position is usually followed on ad hoc basis either because of lack of capital or lack of a long-term strategy. In most cases, an innovation is protected with one or few patents covering a special application at a relative low cost. This strategy is followed by many individual inventors or SMEs with low R&D budget.

**Defensive:** It is for defensive purpose to prevent competition in making use of the IP and avoid infringement of other IP, and it is a cost center.

**Cost control:** It is again for Defensive purpose and reduce portfolio cost and refine focus on IP relevant to the business and prune periodically the portfolio and put in place an IP portfolio management.

**Profit center:** This is basically for Revenue generation in extracting value from the firm IP portfolio, focus on IP value with tactical approach. IP have its own function, IP as a business asset, Develop advanced screening criteria

**Integrated approach:** IP is adopted as an integral part of business and extract strategic value, align with corporate strategy. Serves every section of organization and manage IP across all functions, codify IP knowledge
Visionary: IP as a strategic value with sophisticated IP management and integrate Intellectual Asset management with a long-term view and stake a claim on the future and encourage disruptive technologies. Institutionalize performance measurement and reporting system

IP monetisation
Commercialisation of IP is done in the following manner depending on various factors and market situation etc.

- IP can be embedded into an Internal product development and later commercialise as IP enabled product or services.
- The most common method is by Licensing where the licensee is granted the right to use the IP in their product and services, which could be for a limited time period, also it can be exclusive and non-exclusive forms of right to the licensee. Here the ownership still lies with licensor
- When the ownership of the IP is transferred to a third party through assignment in return for a consideration which could be lumpsum and/or lumpsum plus royalty which is mutually agreed between the parties.
- If the IP value has to be unlocked then another option is through a Spin Off Company which could be a subsidiary or through an investment from third party etc.,
- Joint Venture approach is used when the two or more organisation jointly work in commercialisation and it could be through finance, marketing, and other resources brought in by the partner.

IP in Collaborative environment
Collaborations are generally characterized by stages of a collaboration, and the need to have a common vision. Focus on the prerequisites, collaboration phase, and post collaboration stage. When the collaboration partners want to exploit the fruits of the collaboration on their own, they might be especially dependent on the IP assets of the other partner that were created before, during, and outside and after the collaboration time frame. These can be classified as background, foreground, sideground, and postground intellectual property as well as residual information. The project-related background intellectual property is mutually shared subject to, not disclosing, publishing or disseminating exchanged information to any third party. Once the collaboration has started, the use of certain in-licensed background intellectual property might be divided into royalty bearing and royalty free parts. The foreground intellectual property developed by one or both parties will be shared and is considered free and independently available for use by either party. Sideground intellectual property developed during the collaboration period, but in not-project-related activities, should be classified and divided into confidential and non-confidential. After close of the project, the information related to the project activities such as ideas, concepts, know-how and techniques, is defined as residual information.

Fig : IP in R&D collaboration

Reference:
- WIPO Intellectual Property Handbook by WIPO
- Intellectual property management by Spruson & Ferguson Patent and Trade Mark Attorneys & Ausindustry
- Intellectual Property management in R&D collaboration, Martin.A Bader, Published by Physica Verlag.