

INTERNATIONAL ENTERPRISE SINGAPORE

Intellectual Property Factsheet India

A guide for Singapore companies venturing into India



Doing business in India presents both attractive opportunities and challenges.

Companies, which understand India's unique regulatory and cultural features and prepare for them, tend to stand a far greater chance of success.

Apart from paying attention to just tangible assets like physical infrastructure, a company should also pay close attention to intangible ones like intellectual property (IP). IP is a highly valuable asset. Every product or service provided by a company is a product of creative and often innovative ideas and processes. Identifying and protecting the different IP rights behind such a product or service significantly enhances the competitiveness of your business.

The IP landscape in India

India's IP landscape is constantly evolving and developing. In 2005, India's Patent Act was amended to comply with the World Trade Organisation's Agreement on Trade-Related Aspects of IP Rights. That saw the liberalisation of the Patent Act which allows product patents (in addition to process patents) for pharmaceutical products. India has also included amendments to prevent "evergreening" of patents (i.e. allowing new patents to be granted for minor improvements to existing patents just before the expiry of a patent, thus effectively extending the life of a patent).

India recently ratified the Madrid Protocol which will facilitate the process for filing trade mark applications in India and modernised its national IP office (Controller General of Patents, Designs and Trade Marks or CGPDTM). India has also made substantial IP registry data available online, reducing the cost to the IP owners who need access to this data, and proposed amendments to its Copyright Act to allow for fairer distribution of royalties between authors and producers.

Similar to many emerging markets, protection of IP and enforcement of IP infringement are areas to pay particular attention to when investing in India. Coupled with specific Indian laws on foreign investments (e.g. the need for local shareholding, restriction on repatriation of funds, etc), an ever improving judicial system, and government processes, a company doing business in India is strongly advised to have a well-considered IP strategy for managing its IP portfolio in India.



Risk associated with IP management overseas

• Theft of your company's IP

Like many emerging markets, general lack of respect for IP, weak law enforcement and delays in court proceedings to enforce the rights of IP owners increase the risk of theft of your company's IP. However, registration of your company's IP and having a well thought-out IP strategy will help mitigate this risk.

• Infringement of another party's IP by your company

With its fast-growing economy, India has attracted many multinational companies. These companies are highly sensitive to the benefits of IP management and have the financial means to adequately protect and enforce their IP rights. A regular IP audit to identify the types of IP you have/need and to subsequently guide you to make the appropriate protection and/or acquisition will reduce the risk of your company being sued for infringing a third party's IP.

• Leakage of your IP through your employees

The risk of your company's IP leaking through local staff can be a significant one. Companies are strongly advised to implement specific manpower policies and educate the staff accordingly to prevent and/or reduce such leakage.

How to protect my IP

1. Types of IP and how they can be protected in India

Types of IP	Protection by	Length of protection
Novel, innovative products and processes	Patents (utility, design or plant patents)	20 years from the date of filing, provided it is renewed yearly
Creative designs (including textile designs) not contributing to a functional feature	Industrial design rights	10 years (extendable for another 5 years, with payment of fees)
Distinctive marks or names	Trade marks	Valid for 10 years and renewable perpetually, upon payment of a fee. A trade mark may be cancelled if it is not used within 5 years from registration and a third party brings an action for removal of the mark.
Cultural, artistic and literary works	Copyright	Life of author + 60 years
Goods with a given quality of reputation which are attributed to a unique geographical origin	Geographical indication	10 years (renewable for unlimited period with payment of fees)
Business/ trade secrets/ confidential information	No applicable registration regime	As long as it is kept a secret

Support for IP registrations:

The Productivity and Innovation Credit (PIC) Scheme administered by the Inland Revenue Authority of Singapore (IRAS) provides support for costs incurred to register IP rights, which includes official and professional fees.

Please refer to www.iras.gov.sg/irashome/Plcredit.aspx for more information.



2. IP risks for different industries

Industry	Type of IP most commonly at risk
IT, education, food, music, software	Copyright
Biomedical, education, R&D	Patent
Retail, food, healthcare, education, manufacturing, service sectors, domain names	Trade mark
Manufacturing	Industrial design rights

Why managing my IP well is important for my business: Case studies

Case 1 Losing your valuable trade mark

Whilst registration of your trade mark is important, it is equally critical to keep track of its use to ensure that the legal protection continues to remain valid for enforcement.

One of India's largest consumer goods companies lost its trade mark case against a Kerala-based detergent manufacturing company for alleged infringement of their 127-year old trade marked brand name. The Bombay High Court dismissed the suit on grounds that the consumer products giant had not used its registered mark ever since it was registered 60 years ago. The company had marketed the brand name for detergent in 1888 but subsequently focused on its other brands of detergents.

Case 2 Incremental innovations

A multinational pharmaceutical company had failed to obtain Indian patent rights to its new drug, even though it holds patent rights for the same drug in other countries. India's courts deemed that the new drug is but a crystal modification of an older drug that was initially patented in 1993. Under India's revised Patent Act which excludes patentability of 'incremental innovations', the Indian courts deemed that since a patent was previously granted for the active ingredient in the drug, the 'incremental innovation' made in the new drug was, thus, not patentable.

This provision to prevent 'evergreening' of patents; i.e. extending the life of a near-expiring patent by filing for new patents on minor or slight modifications of the subject matter in the near-expiring patent is unique to India and a factor which companies should bear in mind when seeking patent protection in India.

Case 3 "Disney" trade mark case

Disney Enterprises successfully sought relief for infringement and passing off of its business merchandising and licensing of distinctive marks associated with its motion pictures and TV programmes against 10 defendants. In Oct 2011, the Delhi High Court issued a decree of permanent injunction in favour of Disney Enterprises and also awarded damages amounting to 1 lac (100,000 rupees). Disney Enterprises had secured trade mark registrations for a number of Disney characters in more than 58 countries and had exclusive rights over use of the Disney characters under the trade mark and unfair competition laws.

Case 4 IP theft by former employees

The cases below highlight the criminal actions that can be taken against employees stealing IP. It is important that proper documentation is kept to back up any allegations of theft against former employees.

Three software engineers were arrested in 2003 for illegally copying software from their former company and using the illegally copied software to start a new company.

A former employee of a Mumbai-based software company was accused of stealing and trying to sell off US\$60 million worth of source code of the company's US-based client. The former employee and his partner-in-crime, a computer engineer from a prestigious Indian technology university, were arrested by India's Central Bureau of Investigation officials.



How can my company develop or enhance our IP management capability before venturing into India?

Losing your IP, infringing on another's IP or knowing that another company is using your IP, will translate to significant loss of business competitiveness and subsequent loss of revenue. To mitigate such IP risks and enhance your company's IP management before expanding overseas, you can take the following steps:

- 1 Understand what IP your company owns and how to protect them

	Patent	Trade mark	Design	Copyright
Novel, innovative product	✓			
Novel, innovative process	✓			
Microchip or semiconductor designs	✓			
Distinctive brand name		✓		
Creative product design			✓	✓
Distinctive sign		✓		✓
Artistic or literary work				✓
Business/ trade secret/ confidential information	Not protectable through registration; companies are advised to put in place internal mechanisms to maintain confidentiality			

- 2 Conduct regular IP audits within your company
- 3 Register your IP for appropriate protection
- 4 Secure third party IP rights, if necessary
- 5 Permeate a culture of IP awareness within your organisation
- 6 Work with reputable and reliable business partners who have good appreciation of IP
- 7 Engage a qualified and competent firm to help with the necessary IP registrations
- 8 Recognise the value of your IP through IP valuation, where possible

Next steps

The Intellectual Property Office of Singapore (IPOS) and International Enterprise Singapore (IE Singapore) can help your company to build and strengthen its IP management capabilities. Designed to better equip your company in overseas IP issues, these capabilities development programmes can help you to:

- Review and understand your company's current IP situation
- Gather specific IP knowledge relevant to your business
- Develop an action plan to audit, protect, and manage your IP
- Build IP strategies for long term growth
- Develop an action plan to prepare for your India venture
- Learn what you can do if your IP has been infringed

Interested companies may contact IPOS or IE Singapore to apply for the programmes or visit our websites for more information at www.ipos.gov.sg or www.iesingapore.com

Useful References

- "Intellectual Property for Business", WIPO, www.wipo.int/sme/en/ip_business/
- Government of India, Controller General of Patents Designs and Trade Marks, www.ipindia.nic.in/

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