

# NEWSLETTER

ITAG BUSINESS SOLUTIONS LTD.



Technology Transfer across the borders involves lots of issues relating to the rules and guidelines on exchange controls, the anti-trust laws, the taxation laws and repatriation of royalties and license fees between the host country and the licensee countries. It also involves approvals from various regulating agencies viz. Secretariat for Industrial Approval (SIA), Ministry of Commerce (Govt. of India) and the Exchange Control Dept of Reserve Bank of India. One has to also look into the existence of Tax Treaty and the bilateral investment treaty between the concerned two countries. The technology transfer may be either through a foreign technical collaboration or through a joint venture but under both the situation it is important to carefully examine the terms of the license agreement, especially the restrictions on improvements of the technology and the issues relating to joint ownership of the Intellectual Property along with the terms for payment or lump sum and the running royalty.

Each country has its own guideline for technology transfer. European Union regulates it by Article 81 of the EC Treaty to Technology Transfer agreements, whereby the licensor permits the licensee to exploit the licensed technology for the production of goods or services. The aim of Article 81 as a whole is to protect competition in the market and to avoid the abuses of monopolies. Technology is an input which is either a part of the product or a production process and therefore may affect competition in the existing market of the product or in an output market of a product where such technology is used to produce such goods or services. The European Union also provides for block exemption to certain categories of Technology transfer agreements which fulfills the conditions as set out in EC treaty to technology transfer agreements (TTBER).

Peoples Republic of China regulates Technology Transfers by Article 329 of the contract law which defines technology transfer in a broader concept, covering both assignments that involve the transfer of Intellectual Property

and licensing that does not involve the transfer of Intellectual Property. It includes the assignments of Patent rights, patent licensing and transfer of knowhow or other Technology. Article 329 of the contract law states that any technology which impedes technological progress or infringes upon the technological result of others is null and void. There are additional rules regarding import and export of technologies and the following restrictions are banned in Technology import contracts:

1. The condition to purchase unnecessary technology, raw materials, products, equipments or services;
2. Requiring transfer to pay royalties for technology for which relevant patent protection has expired;
3. Restricting the improvement or use of the subject technology by a transferee;
4. Restricting a transferee's right to obtain similar or competing technology from other sources.
5. Unreasonably restricting product output variety or sales price or export of goods.

In India, section 140 of the Patent Act, 1970 provides for avoidance of certain restrictive conditions in the technology transfer licensing agreements and if an agreement contains such restrictions, they are considered unlawful and void. Most of such unlawful conditions are similar to Article 329 of contract law of People's Republic of China. However, section 3 (5) of the Indian competition Act 2002 provides for certain exemptions to restrictions on transfer of patented technology if imposition of such conditions are reasonable for protection of any rights which have been conferred or may be conferred to the licensor under various provisions of IPR laws in India including the copyright Act, 1957 and the patent Act 1970. To conclude, it may be said that all technology transfer agreements either through assignments or through licensing have to comply with the various laws of the host country.

**- Dr. D. R. Agarwal**

## IPR NEWS - INDIA

### KINNAURI SHAWLS RECEIVE GI TAG

Kinnauri Shawls, famous for intricate geometrical designs has been granted the geographical indications tag, under the Geographical Indications ("GIs") of Goods Act, 1999.

The Kinnauri shawls available in yellow, red, blue, green and pink on white, black and grey as background colours are made in Kinnaur in Himachal Pradesh. These shawls made from yak wool provide sufficient warmth and need specialized labour skills for their intricate designs.

This GI registration for Kinnauri shawls would prevent any unauthorized production, limitation or misuse of the brand name of Kinnauri Shawl. Any kind of infringement of the registered Geographical Indication could result in maximum of three years imprisonment and maximum fine of Rs 2 lakhs. No manufacturer other than those registered - mainly the Kinnaur Handloom Weavers' Association and the Himachal Pradesh Patent Information Centre - can work on the Kinnauri shawls.

Kullu Shawl, Kangra Tea and Chamba Rumal are some other products of Himachal Pradesh that have already

been registered under the Geographical Indication Act.

### COLGATE PALMOLIVE ACCUSED OF BIOPIRACY

A herbal toothpaste manufactured by Colgate Palmolive, the world's largest producer of toothpaste, is the cause of a legal dispute between India and US.

Colgate patented a tooth-cleaning powder containing clove oil, camphor, black pepper and spearmint, anticipating that it would enter the multibillion-dollar Indian oral hygiene market.

The U.S. patent titled "red herbal dentifrice" was filed in January 2006 and granted on 15th June this year. Indian activists claim that the patent is false as these ingredients have been used in India for the same purpose since many years and is a traditional knowledge.

An Indian organization that promotes traditional remedies, the Association of Manufactures of Ayurvedic Medicines (AMAM), has requested the Indian government to take legal action against Colgate for its act of "Biopiracy".

AMAM has sought withdrawal of Colgate's US Patent and Cancellation of its Indian application as this product 'Lal dant manjan' is a traditional Indian herbal medicine.

### INDIA TO ALIGN INDIAN COPYRIGHT LAWS WITH GLOBAL STANDARDS

To control rising piracy and violations of intellectual property rights, India is all set to modify its copyright regulations in the form of the Copyright Amendment Bill 2010, which is in tandem with the global standards in internet and digital technology.

The Copyright Amendment Bill 2010 is well equipped to deal with protection of copyright material in India over digital networks related to literary, dramatic, musical and artistic works, films and sound recordings.

The amendment bill, now in the upper house of the Indian parliament (Rajya Sabha), seeks to provide rigorous punishment for copyright violations. A web portal of Anti-Piracy Coordination Cell has been launched, which will coordinate with the efforts taken by the government and the music industry to curtail piracy. The Anti-Piracy Coordination Cell was constituted by the Federation of Indian Chambers of Commerce and Industry (FICCI) on 15th October 2010 with the support of the HRD Ministry.



## IPR NEWS-AROUND THE WORLD

### APPEAL AGAINST GENETIC PATENT RULING

A U.S. District Court ruling that invalidates patents on naturally occurring genes was appealed by Myriad Genetics, a Salt Lake City company.

The court ruled that parts of seven patents held by Myriad Genetics that concern two human genes related to breast and ovarian cancer known as BRCA1 and BRCA2 are invalid because the genes are

products of nature and thus not eligible for protection under U.S. patent laws.

The plaintiffs in the case, which included 20 researchers, organizations and cancer victims, said the patents on DNA were illegal and impeded access to the testing.

Myriad said that the material and methods which were patented are substantially different from those found in

the body.

### ZYNGA TO PATENT VIRTUAL CURRENCY

Zynga, the creator of social networking games like FarmVille and Mafia Wars, is seeking a patent on purchased in-game currency. San Francisco-based Zynga is a gaming company with more than 1,200 employees now across studios in 12 cities.

Online games have been

## IPR NEWS-AROUND THE WORLD...(contd.)

offering virtual currencies, usually earned by performing actions within a game. The currency can then be traded for in-game objects which help players step forward. These currencies cannot be purchased legally. Zynga freely sells its game currencies, like FarmVille Cash and FrontierVille Horseshoes.

Zynga's patent application states that its virtual-currency innovation is unique as the currency exchange is one-way. Players can send cash into the system, but they cannot take cash out.

Zynga is the largest developer of games on social networks like Facebook. Facebook has its own virtual currency system called Facebook Credits which Zynga is tied to by a five year contract to use Facebook credits.

### LASERFICHE AGAINST SAP FOR TRADE MARK INFRINGEMENT

Laserfiche has filed a trademark infringement suit against SAP America, Inc., SAP AG and SAP Global

Marketing, Inc. in the United States District Court in Los Angeles for infringing Laserfiche's Run Smarter(R) trademark.

"Laserfiche has been using our federally registered Run Smarter® trademark as the centerpiece of all our marketing campaigns since 2004," said Tom Wayman, Vice President of Marketing at Laserfiche. "The trademark is synonymous with our brand, and has helped us grow our client base to more than 28,000 customer organizations around the world," he added.

Laserfiche® and Run Smarter® are registered trademarks of Compulink Management Center, Inc.

### JOINT PATENT CLASSIFICATION SYSTEM BY USPTO AND EPO

U.S. Patent and Trademark Office and European Patent Office are working together to develop a joint patent classification system, with the intention to bring the EPO and

U.S. classification systems in line with the International Patent Classification (IPC) system, administered by the World Intellectual Property Organization (WIPO).

Regarding the joint effort, USPTO Director David Kappos and EPO President Benoit Battistelli stated that the USPTO and EPO had agreed "to work toward the formation of a partnership to explore the development of a joint classification system based on the European Classification system (ECLA) that will incorporate the best classification practices of the two offices."

It is expected that this joint classification system would help USPTO and EPO to eliminate unnecessary duplication of work, thereby promoting more efficient examination and enhancing examination quality.



## GLIMPSES OF JUDGMENT ON IPR

### \$442 MILLION AWARD IN FAVOR OF SANOFI FOR PLAVIX PATENT INFRINGEMENT SUIT

**FACTS:** The Plaintiff Sanofi, a Paris based company had filed a patent infringement suit against Toronto-based Apotex & Ors, in 2002 and had immediately won a preliminary injunction against them. The patent here is US Patent No. 4,847,265 ('265') relating to Clopidogrel Bisulfate (the chemical name for Plavix). Later in 2007, a Judge found that Sanofi's patent on Plavix, the world's 2nd biggest selling drug, was valid and enforceable, and that Apotex had violated the patent by manufacturing and distributing a generic form of the drug.

It is notable that before the Court barred Apotex from

continuing the infringement Apotex flooded the drug market with its generic version of Plavix in 2006. In 2008 a subsequent judgment was pronounced by the Federal Circuit affirming the previous verdict of the Court. The United States Supreme Court also had denied Apotex's petition for certiorari in November 2009.

**ISSUE:** Whether Apotex is liable to pay the amount of damage prayed by Sanofi?

**JUDGMENT:** It has been already decided by the Supreme Court that Apotex has infringed Sanofi's '265' patent. Regarding the damages, the Court held that:

"upon finding for the claimant the Court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the Court under 35 U.S.C. 284." The US District Court for the Southern District of New York concluded that "Sanofi's motion for summary judgment on its claim for \$442,209,362 in damages is granted. Sanofi is also entitled to prejudgment interest on that ward at the averaged annual prime rate...".

## FORTHCOMING EVENT AT ITAG

### Dr. D. R. Agarwal'S Presentation at BIRAP at Science City, Kolkata

Dr. D. R. Agarwal, Director, ITAG delivered his presentation "Role of Competitive Intelligence, Mining and Analysis in IP Management" on 16-17th September 2010 in the Workshop on Intellectual Property Management for Biotechnology Industry organized by Biotechnology Industry Research Assistance Program (BIRAP) in association with Biotech Consortium India Limited at Science City in Kolkata.

### 4th International IPR Conference, IP-East 2011, Singapore

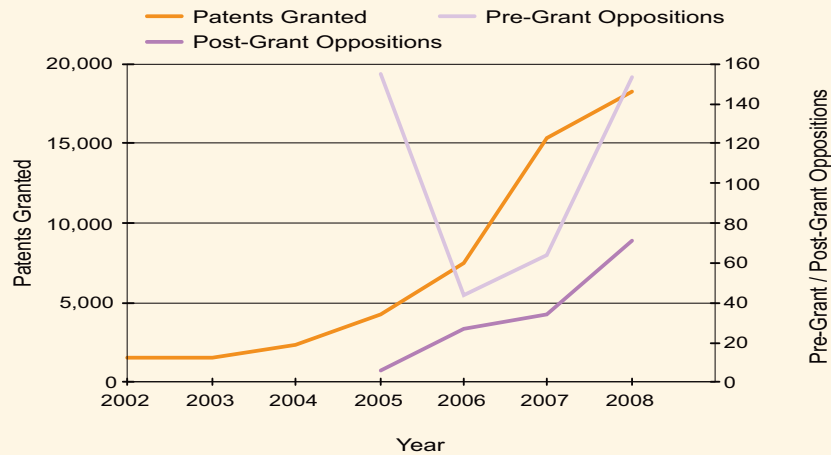
It is a great pleasure to welcome you to the IP-East 2011, two-day International IPR Conference on "Economic Value of IPR for Business in Competitive Global Markets" in **Hotel Raffles, Singapore** on 28th and 29th January, 2011. This event will be a platform for emerging opportunities for IPR in the Global Market.

Please visit <http://www.iprconference.com> for more details

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## SNAPSHOT

### Opposition and invalidation of patents granted Patent Office of India



Source: WIPO Statistics Database, June 2010



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