

NEWSLETTER

ITAG BUSINESS SOLUTIONS LTD.

(A subsidiary of TCI Finance Ltd.) • AN ISO 9001:2008 & 27001:2005 ORGANISATION • www.itagsbs.com



Director's Message



In the present era of globalization, the Government of India has been trying to liberalize its policy on FDI and Foreign Trade by relaxing the rules for import of foreign technologies and payment for royalty. Until 16/12/2009, there were certain restrictions

on the upper limit for the payment of royalty for technology transfer under automatic route as per the limits prescribed in Annexure-V, under item 8 of Schedule-II of the Current Account Transaction Rules-2000. Accordingly prior permission was required from Project Approval Board, Department of Industrial Policy & promotion, Ministry of Commerce, Government of India for cases involving payment for exceeding lump sum of fees of US\$ 2 million and payment of royalty of 5% on domestic sales and 8% on exports. There were also restrictions for payment of royalty for payment on use of trademarks & brand names of the foreign collaborations up to 2% for exports and 1% for domestic sales. This was the position up to 16/12/2009.

However, the above restrictions have been done away with on and from 16/12/2009 by way of notifications in Press Note-8 (2009 Series) issued by the department of Industrial Policy & Promotion (FC Section) Government Of India, and suitable amendment has been made in the Current Account Transaction Rules 2000 vide notification dated 5th May, 2010 issued by Department of Economic Affairs, Ministry of Finance, Government of India with retrospective effect from 16/12/2009 and amended rules are contained in Foreign Exchange Management (Current Account Transaction) (Amendment) Rules, 2010. Henceforth the Indian Company making payment for technology transfer or for use of Trademarks or Brand names is required to submit post payment reports to Government of India for statistical purpose only.

The above amendment has given a further boost to the Foreign Technology Transfer as the amount of royalty fees can be fixed on market determined rates and without involving any permission from any government authority being either Reserve Bank of India or the Department of Industrial Policy & Promotions, Ministry of Commerce.

According to the provisions of Section-9 (1) (vi) of Indian Income Tax Act, 1961 any income by

the way of royalty is taxable in India as the same is treated as income deemed to accrue or arise in India. The term royalty has been defined under Explanation-2 of the aforesaid section and include the value of consideration for or in exchange of mainly of the followings:-

1. The transfer of all or any rights (including the granting of a license) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property.

2. The transfer of all or any rights (including the granting of a license) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with radio broadcasting, but not including consideration for the sale, distribution or exhibition of cinematographic films.

However, one must remember to make the distinction between the income by way of royalty and income by way of fees for deemed income under the provisions of section 9 (1)(vii) and has been mainly defined in Explanation 2 to the said section as below:

Explanation 2: "fees for technical services" means any consideration (including any lump sum consideration) for the rendering of any managerial, technical or consultancy services (including the provision of services of technical or other personnel) but does not include consideration for any construction, assembly, mining or like project undertaken by the recipient or consideration which would be income of the recipient chargeable under the head "Salaries".

The provisions of withholding tax on payment of royalty and fees for technical services to a non resident are applicable as per the provisions of section 195 and the Income Tax Act 1961 as per the rates prescribed either under the Income Tax Rules 1962 or the applicable rates as per the Double Taxation Treaties between Government of India and the other countries.

The above position of law as applicable for technology transfer as prescribed under Foreign Exchange Management Act, 2000 and under the Income Tax Act, 1961 must be borne in mind while advising any overseas clients for joint ventures or for foreign collaboration. ITAG as a IP Boutique firm is a one stop solutions for all types of registration and approvals for the Technology Transfer in this present globalised economic environment.

- Dr. D. R. Agarwal

IPR NEWS - INDIA

SUVEN GRANTED FOUR PRODUCT PATENTS

Suven Life Sciences has been granted four product patents for its new chemical entities (NCEs), used for treating disorders associated with neurodegenerative diseases like Alzheimer's disease, Parkinson and Schizophrenia.

The biopharmaceutical company has received two patents each from New Zealand and Eurasia, which are valid until 2022 and 2025 respectively. Eurasia region consists of Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Azerbaijan and Turkmenistan.

The grant of these patents to Suven Life Sciences for its pipeline of molecules in the CNS field which are being developed for cognitive disorders would boost its global market which has an estimated potential of \$ 30 billion. The products of these inventions could also be out licensed at various phases of clinical developments.

GUFIC WINS TRADEMARK CHALLENGE AGAINST ESTEE LAUDER

A Mumbai-based pharmaceutical and personal-hygiene products company Gufic Biosciences Ltd. has defeated Estee Lauder's Clinique unit in a trademark battle. In 2008 US-based multinational cosmetic major

Estee Lauder had asked the Delhi High Court to prevent Gifuc from selling its skin care brand Skinclinique Stretch Nil, alleging infringement of its "Clinique" marks

A special leave petition (SPL) filed by Estee Lauder arm Clinique Laboratories challenging the April 2009 verdict of the Delhi High Court, which was in favour of the Indian company was dismissed by India's Supreme Court. The Court found that the Gufic product was significantly different from the Estee Lauder product.

The Gufic product, an Ayurvedic drug to treat stretch marks after pregnancy has been sold since 1997 at a price much less than the Clinique products. Skinclinique Stretch Nil 100 ml lotion costs about Rs 245, while Estee Lauder's Clinique brands product are sold for Rs 1,200 and Rs 1,950 for 15 ml and 75 ml.

TIRUPATI LADDU AND DARJEELING TEA FACE BATTLE ON GI TAG

The famous Tirupati laddu and Darjeeling Tea are now at the centre of a debate over the grant of geographical indication (GI) tag. The Chennai-based Geographical Indications Registry has issued a notice to Tirupati Tirumala Devasthanams (TTD) seeking counter-statements to retain this coveted tag.

Tirupati laddu is the sweet offered to devotees as prasadam at the Lord

Venkateswara Temple in Tirupati, Andhra Pradesh. TTD, the trust which runs the world's richest Hindu shrine had applied for the to prevent the laddu from being replicated and sold on the black market by hawkers and middlemen. The TTD had sought absolute monopoly over the production of the laddus, which are actually, made by labourers and workers of the temple (TTD employees) and the application does not list any other beneficiary than the trust.

A Kerala-based IPR activist, RS Praveen Raj, had sought the removal of GI for Tirupati laddu in October this year claiming that GI tag for these sweets point towards the absolute commercialisation of religion and giving the laddus a status of industrial goods.

The Darjeeling Tea (both word and logo) which appears as entry No 1 and 2 on the GI Registry is the other entity for which the office of the Controller General of Patents, Designs and Trademarks has taken cognizance of petition for 'rectification' and possible removal of the GI tag on the ground that the Tea Board cannot be GI owner as it is a statutory body meant to regulate its exports and trade and not part of its value chain and/or its producer. A final decision in this regard is awaited after the concerned parties would be given a hearing.

IPR NEWS-AROUND THE WORLD

US PATENT OFFICE TO OPEN REGIONAL PATENT OFFICE IN DETROIT

The US Patent and Trademark Office's first satellite facility will open in Detroit during 2011, employing around 100 patent examiners with some additional support staff. This will be USPTO's first satellite office outside the Washington, DC area.

Detroit was chosen for the first Regional Patent Office, because of its lofty number of scientists and engineers, access to leading universities, high volume of patent activity and the large number of patent agents and patent attorneys including innovative companies and research partnerships, such as the University Research Corridor. Michigan is ranked seventh

among all states in obtaining patents.

The Patent and Trademark Office headquartered in Alexandria, VA, with storage facilities in Pennsylvania and Virginia has nearly 10,000 employees. The new office would probably minimize the backlog of 710,000 patent applications.

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

ONLINE TOOL TO ASSIST IN FILING INTERNATIONAL TRADE MARK APPLICATIONS

WIPO launched an on-line tool - the Madrid System Goods & Services Manager (G&S Manager) on December 20, 2010 to help trademark applicants in assembling the list of goods and services that must be submitted when filing an international application under the Madrid System for the International Registration of Marks.

This G&S Manager which can be accessed through the WIPO GOLD portal allows applicants to select the terms that best describe the goods and services relating to the mark. By selecting terms from the G&S Manager, applicants can

be confident that no irregularity notice will be issued with respect to the classification or indication of those goods and services.

The G&S Manager, available in English, French and Spanish, the three working languages of the Madrid system, gives access to some 30,000 terms in English and their corresponding terms in French and Spanish.

INTELLECTUAL PROPERTY RIGHTS FOR 'CEYLON TEA'

Sri Lanka has registered a claim locally for intellectual property protection for Ceylon tea under global 'Geographical Indicators' rules which would help market its main export product. The country has also registered the logo for ozone

friendly pure Ceylon Tea. The ozone friendly certificate verifies that Sri Lanka tea is grown without use of any ozone depletion substances. The Promotions Director of the Srilankan Tea Board stated that these local registrations are required before making overseas registrations.

In 2007, Sri Lanka had received the 'Montréal Protocol Implementers Award' for not using methyl bromide-an ozone depletion substance used in pest management, after adopting alternative environment friendly technologies. This allowed Sri Lanka to market Ceylon tea worldwide as an environmentally friendly and ozone friendly product.

3

GLIMPSES OF JUDGMENT ON IPR

DOMAIN NAME DISPUTE BETWEEN SWAROVSKI AKTIENGESELLSCHAFT V. SARENZA SA, WIPO

FACTS: The plaintiff, Swarovski Aktiengesellschaft, is a producer of cut crystals, genuine gemstones and created stones. The domain name `bijouxswarovskifrance.com` which was in dispute was registered with Beijing Innovative Linkage Technology Ltd. dba `dns.com.cn`. The plaintiff is the registered owner of the trademarks SWAROVSKI in various countries around the world.

The SWAROVSKI trademark has generated vast good will and has become famous in connection with jewelry. The plaintiff also developed a formidable presence on the Internet platform and is the owner of several domain names containing the name "Swarovski" such as `<swarovski.com>` and `<swarovski.net>`. The Administrative Panel, WIPO found that the disputed domain name `<bijouxswarovskifrance.com>` was registered on May 10,

2010 by the respondent. Disputed domain name currently redirects to the domain name `<swarovskiparis.net>`, which is to a website offering jewelry for sale and includes tabs that contain the name SWAROVSKI. The plaintiff had sent a cease and desist letter to the respondent informing it regarding the plaintiff's intellectual property rights on the mark 'SWAROVSKI' but did not receive any reply.

The plaintiff argued that the disputed domain name is identical or confusingly similar to its SWAROVSKI trademark and that the additional descriptive prefix 'bijoux' (jewelry in French) and suffix 'France' are insufficient to avoid confusing similarity between the SWAROVSKI trademark and the disputed domain name. The respondent did not reply to the plaintiff's contentions.

ISSUE: Whether the respondent is liable for

violation of 'Domain Name' incorporating the trademark owned by the plaintiff?

WIPO ADMINISTRATIVE PANEL DECISION: The Panel found that the plaintiff established prima facie cases inter alia due to the fact that the plaintiff has not licensed or otherwise permitted the respondent to use its SWAROVSKI trademark or a variation of it. The Panel also found that the plaintiff's mark is registered since 1965 and the respondent has registered and used the mark in bad faith.

The Panel found that the respondent was liable for trademark violation owned by the plaintiff under paragraphs 4(i) of the Uniform Domain Name Dispute Resolution Policy and Rule-15 of the Rules for Uniform Domain Name Dispute Resolution Policy. The Panel ordered "that the disputed domain name `<bijouxswarovskifrance.com>` be transferred to the plaintiff".

EVENT AT ITAG

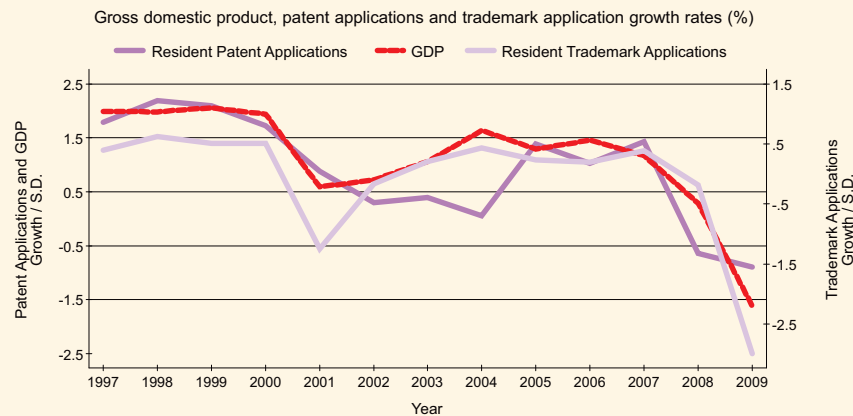
-: ITAG wishes you Happy and Prosperous New Year 2011:-



Dr. Pinaki Ghosh, Head IPR, Infosys with ITAG Team on 13th December, 2010. He delivered a very interesting speech during the interactive session on several important issues on Intellectual Property Rights.

SNAPSHOT

Changes in GDP and in patent and trademark applications also show a positive correlation for the group of high-income economies responsible for the majority of IP filings



Note: GDP and patent and trademark application growth rates are divided by their respective standard deviations. The graph is based on data for Germany, France, United Kingdom and the US. The correlations may be different for countries not included in the graph.

Source: WIPO, based on data from the WIPO Statistics Database and the World Bank, June 2010



ITAG BUSINESS SOLUTIONS LTD.™
(A subsidiary of TCI Finance Ltd.)
An ISO 9001:2008 & 27001:2005 Organisation

Corporate Office

Suite # 1C & 1D, 1st Floor, Subham Plaza, 83/1 Beliaghata Main Road
Near EM Bypass Crossing, Kolkata—700 010, West Bengal, India
P +91 33 2363 3924 / 3925 | F +91 33 2372 0635

Regd. Office

1-7-293 Mahatma Gandhi Road, Secunderabad—500 003, Andhra Pradesh, India
P +91 40 2784 4284 | F +91 40 2789 4284.

W www.itagbs.com | E info@itagbs.com

Operational Offices

India - Ahmedabad, Bangalore, Chennai, Hyderabad, Indore, Kolkata, Mumbai, New Delhi
Abroad - Bangkok, Beijing, Colombo, Dubai, Hong Kong, London, Singapore, Shanghai, Virginia (U.S.A.)

Editorial Team: **Chief Editor:** Dr. M. Sudha, Dr. Partha Sarathi Pal; **Members:** Sajal Dutta, Swarup Bhattacharyya

Certification



Promoted by



Knowledge partner

