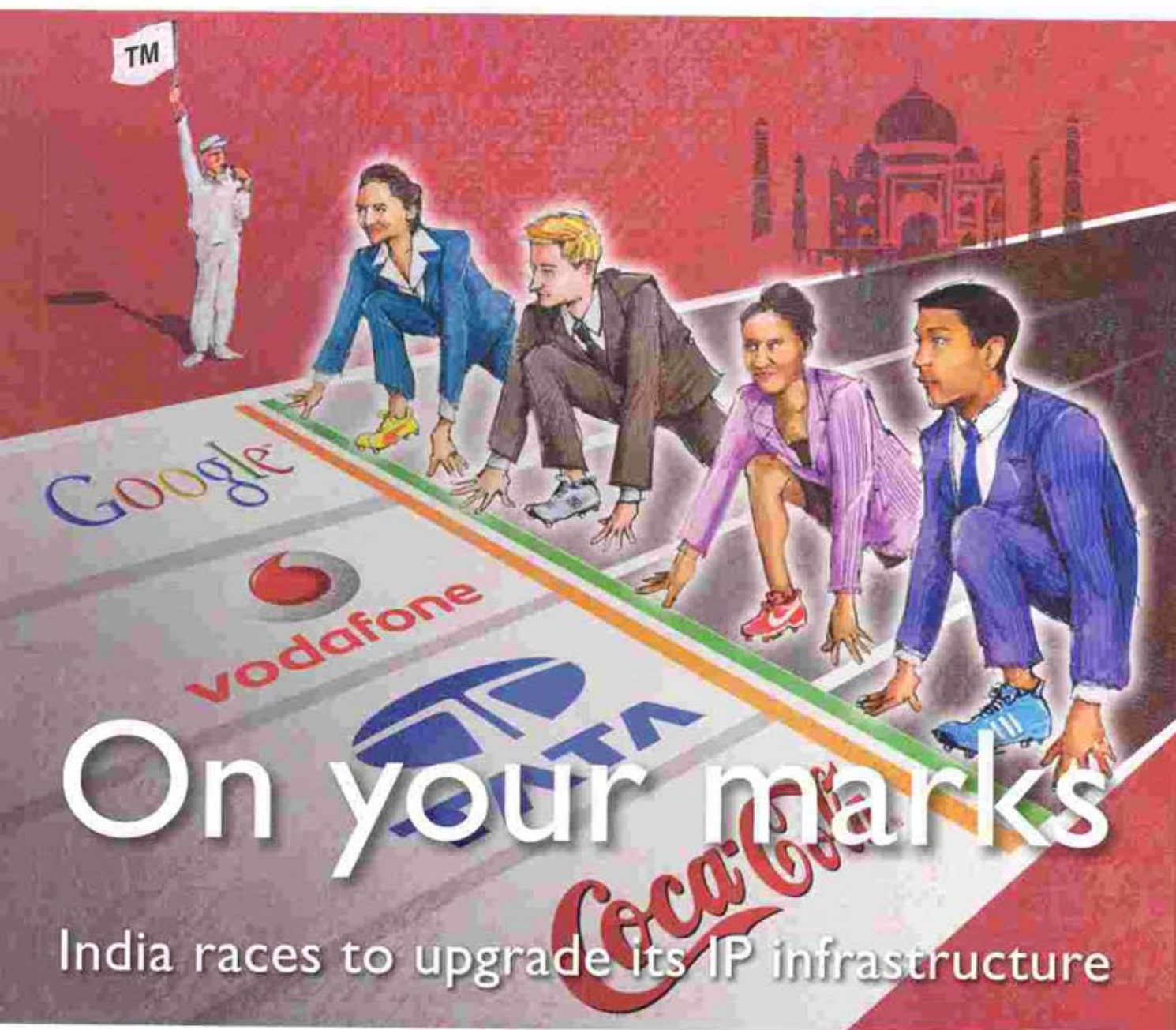


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On your marks

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How to open an office in India

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Exclusive interview with the solicitor general

Generic pharma gears up for patent expiry boom





Trouble overseas

India may be better known as a perpetrator than a victim of intellectual property abuses. But the growing international reach of its companies has resulted in many of them falling victim to piracy in other countries

Alfred Romann reports

Not long ago, few people would have given much thought to the intellectual property protection of Indian assets. Indian products, after all, were not based on brand names but on cheap, high-volume manufacturing. Moreover, if India was mentioned in the same breath as IP, it was often in connection with violations of international IP rights. India appears on the latest IP watch list issued by the Office of the US Trade Representative. The other countries on the list are Algeria, Argentina, Canada, Chile, China, Indonesia, Pakistan, Russia, Thailand and Venezuela.

But nowadays, Indian companies export value-added products with recognizable brands, patents and trademarks. Such companies, which were famously slow at protecting their intellectual property at home, now face the considerable challenge of managing and protecting international IP portfolios.

According to the World Intellectual Property Office (WIPO), India submitted just 1,070 international patent applications in 2009. This figure is dwarfed by the 53,000 patents that the US applied for and the nearly 30,000 from Japan. Even China, the fifth-most prolific patent applicant in the world, made 7,946 applications.

Indian victims of IP violations

As Indian companies venture abroad they face numerous IP challenges, even in their own backyard in the Asia-Pacific region. Matthew Hall, a Sydney-based partner at Swaab Attorneys, says Indian IP owners are striving to establish "first use", overcome brand "squatters" and protect English translations and transliterations, while also seeking to understand the difference between trademarks and registered business names and get to grips with issues such as transfer pricing.

The number of disputes they face is on the rise. In Thailand, for example, an Indian spa had to protect its name when a local company copied it. Chinese and other Asian companies face similar problems in Thailand, according to Nettaya Warncke, a partner at Bangkok-based law firm Domern Somglat & Boonma.

Lack of experience is at the root of many of these issues. "Most Indian companies are first-generation owners of IP," says M Ravindran, a partner at Ravindran Associates in Singapore. "These companies only started recognizing, protecting, cultivating and leveraging off

their IP in the past 10 years."

However, Marco Consonni, a Milan-based partner at Dewey & LeBoeuf, says Indian companies lack the patience to deal with lengthy legal procedures. "Indian companies are usually worried about the length of our court cases and would like to see their problem solved very quickly, which unfortunately is not possible," he says. "They move from a very impatient initial approach to a lack of concrete interest in the case after a while."

Laws of the land

The global IP landscape is governed by various international conventions. The Madrid system for the international registration of marks (the Madrid Agreement of 1891 and the Madrid Protocol of 1989), run by WIPO, is widely used for trademarks and many countries are signatories.

Other types of IP are governed by WIPO's Berne Convention for the Protection of Literary and Artistic Works and Patent Cooperation Treaty (PCT) and the World Trade Organization's trade-related aspects of intellectual property rights regime (TRIPS). These international treaties "generally provide for reciprocal rights protection and minimum levels of protection in respect to certain kinds of IP," says Allison Gibbs-Williams, a partner at Eversheds in Johannesburg.

Not all major countries are signatories to these conventions. Notably, India is yet to ratify the Madrid Protocol, but then neither has Canada, South Africa, Argentina or Thailand.

Taiwan is one of the few major jurisdictions outside the PCT and it presents some difficulties for Indian IP owners. "It occurs not rarely that the inventions for which our Indian clients intend to seek protection in Taiwan have lost novelty in view of the publication of the PCT application," says Patrick Yun of Saint Island International Patent and Law Offices in Taipei. "Indian companies should be aware that a corresponding patent application must be filed in Taiwan within 12 months from the filing of the PCT or home application." Indian IP owners should also be aware that Taiwanese IP law is in a state of flux. "The Taiwan government is now amending the patent law, trademark law and copyright law, which may result in significant changes," warns Daisy Wang of the Taipei-based law firm Lee and Li.

Even signatory countries can present obstacles. In Vietnam, there can be difficulties with overlapping legislation, says Pham Vu Khanh Toan, managing partner of Pham & Associates in Hanoi. "Many issues are not elaborated by the law but regulated by various subordinate regulations, which cannot be tracked by persons who are not acquainted with the Vietnamese legal system," he says.

Although more countries are signing up to international conventions and treaties, IP regimes are very much created at a national level. The world's biggest producer of IP, the US, has legislation that requires careful analysis. "We have counselled clients from Asia and elsewhere on the importance of compliance with US IP law," says Alan Behr, a partner at Alston & Bird in New York. "A particular challenge has been to assist with the requirement of the US Patent and Trademark Office that goods and services be listed with great particularity in trademark applications."

Behr also says Indian companies need to be aware of the uniqueness of US copyright. "[It] relies heavily on a registration system and has statutory provisions for works made for hire and for fair use – concepts that can sometimes be

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Partner

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Marco Consonni
Partner
Dewey & LeBoeuf



confusing," he says. "Problems often arise when Indian companies seek to protect their IP in the US long after usage has commenced."

The rest of the Americas are a diverse group of markets with widely differing IP regimes. Mukundan Chakrapani, a patent agent at Borden Ladner Gervais in Ottawa, says the amount of IP from India is on the rise in Canada. Canadian law does not present any significant problems for Indian companies, adds Sheldon Burshtein, a Toronto partner at Blake Cassels & Graydon.

However, serious IP issues could arise in the event of an Indian corporation's acquisition of a Canadian company. "International companies should obtain advice regarding competition, tax and other issues, all of which can affect transfer of IP or companies that own IP," says Bhupinder Randhawa, a partner at Bereskin & Parr in Toronto.

European uniformity?

Countries within Europe have broadly similar regulations. Belgium, for example, "is highly integrated in the European and international network of IP protection and regulation via the various governing international treaties," says Howard Liebman, a partner at Jones Day in Brussels.

However, it would be incorrect to assume that the EU countries have identical legislation. Thomas Haffner, a partner at Vienna-based patent agent Haffner & Keschmann, describes the Austrian IP regime as "not particularly unique". But other European countries can be more challenging. Sweden's IP legislation, for example, is not fully integrated with EU law and a new trademark act has been proposed.

In Spain the courts started to specialize in IP only a few years ago. Current rules are in line with other EU countries and major international conventions, says Jorge Llevat, a partner at Cuatrecasas Gonçalves Pereira in Barcelona. "It has to be taken into account that lack of use may result, in some cases, in cancellation of the right or compulsory licences being granted and it may also affect the ability to ask for interim relief."

Ignacio Terriño, a partner at Abril Abogados in Madrid, warns. "The Spanish courts do not acknowledge, nor do they grant any protection for reputed marks which have not been used in Spain."

The Netherlands is another key location because it

"is the main port to Europe and when needed, you want to be able protect your products directly at the Dutch border," says Armand Killan, co-managing partner of Bird & Bird in The Hague.

Despite these differences there are few places in the EU where IP owners have trouble registering their trademark or other IP. "Acquiring Irish IP, or companies in Ireland with IP, has proven to be of significant advantage to many Indian companies," says Leo Moore, an associate at William Fry in Dublin.

There are various ways to file for protection in Europe – some more effective than others. While a single trademark registration with the Office of Harmonization for the Internal Market can offer protection in all 27 EU members, filing through WIPO results in protection in dozens of markets.

These methods are fast, affordable, practical and offer protection from a distance. However, the distance can also work against Indian IP rights holders. "When a problem arises in the form of an official objection or disputes with third parties, they have to quickly enlist the services of a specialized firm," says Luis Soriano, an associate partner at Elizaburu in Madrid.

Time is of the essence

In South American jurisdictions, experts emphasize the importance of foresight and speed for successfully acquiring and registering IP rights. "The most common problem faced is not having registered IP rights before exporting products to our country or entering into distribution agreements with local companies," says Marcello do Nascimento of David do Nascimento Advogados in São Paulo.

The same problem is cited by Diego Palacio, an attorney-at-law with Buenos Aires-based Palacio & Asociados, who says, "in some locations, [Indian companies] find the identical or similar trademarks already registered by their former importers."

In Mexico too, latecomers frequently find their IP rights usurped by earlier arrivals. "[Indian companies] got here later than, say, Japanese or South Korean corporations," says Mariano Soni, a partner at Bufete Soni in Mexico City. "Perhaps some did not have the chance to enter the Mexican market any sooner."

A local watch service can be useful to ensure that

Problems often arise when Indian companies seek to protect their IP in the US long after usage has commenced

Alan Behr
Partner
Alston & Bird



infringers, particularly of trademarks, are identified quickly.

China and the US are both "first-to-file" countries, which means that the first company to own a registration has priority rights. However, "even if an Indian company secures a US registration, it could face a cancellation of the registration by a prior user for up to five years after the registration is secured," warns Maureen Beacom Gorman, a partner at Davis McGrath in Chicago.

Protection in emerging markets

For Indian companies, enforcing IP rights in emerging markets throws up yet more challenges. For example, Sri Lanka's National Intellectual Property Office is notoriously slow despite embarking on a programme of computerization. "The gargantuan task of data entry is not yet complete, and in certain classes, the examination of pending applications can take several years," says John Wilson, the managing partner of John Wilson Partners in Colombo. As if this was not enough, IP enforcement issues in Sri Lanka are compounded by local courts' lack of experience. "IP litigation is relatively uncommon so there is a lack of judicial precedents on areas of uncertainty in the law," says Wilson.

Similarly, the issue of backlogs plagues IP owners in Brazil. "There is no political will to straighten out the situation and the backlog continues to increase daily," says Denis Daniel, a partner at Daniel Abogados in Rio de Janeiro. These backlogs may stem from a shortage of patent examiners in some areas or a lack of qualified judges.

Vietnam, another first-to-file jurisdiction, is one where companies that acquire a trademark have to make sure – not merely assume – that it has been filed, says Do Anh Tuan, an IP lawyer at Russin & Vecchi in Ho Chi Minh City. "If they have developed IP rights, they should register as soon as possible."

In the Philippines, which is also a first-to-file jurisdiction,

enforcement is the greatest challenge. "[Indian companies] encounter difficulty in getting restraining orders against counterfeiters, the possibility of lengthy judicial proceedings, the lack of judicial sanctions against counterfeiters, and problems in the implementation of IP laws," says Anthony Peralta, a senior partner at Cochingyan & Peralta in Manila.

Another problem in the Philippines is delays. "Though the Philippine Intellectual Property Office is considered one of the most efficient government agencies, processing of applications for the grant of trademarks or patents still takes years," says Ramon Esguerra, a partner at Esguerra & Blanco in Manila.

The Philippines has tried to strengthen its IP laws and regulations, but Bienvenido Somera of Villara Cruz Marcelo & Angangco in Manila notes that "the efforts are usually watered down when it comes to actual enforcement, mainly because of understaffed bureaucracies, lack of coordination among concerned agencies, red tape, and inconsistent application laws".

Some markets particularly in the least developed countries in Africa are only now beginning to consider trademark protection. In Nigeria, for example, counterfeiting is rampant and enforcement is lacklustre, says Adeola Olumeyan of Lagos-based law firm Jackson & Edu.

But emerging markets are not the only jurisdictions in which creative breaches take place. In Australia, for example, a group of Indian companies had to deal with an aggressive squatter who realized that some of the best-known Indian consumer trademarks were not registered. As local IP specialist Trevor Choy of Choy Lawyers in Melbourne explains, the squatter "registered the marks and then demanded licence fees from independent grocery retailers for the right to continue selling goods. He got away with it for some time, before rightful owners realized what was happening".

Stepping up enforcement

Enforcement is the Achilles' heel of IP rights protection. Although India is responsible for a number of significant IP violations of its own, Indian companies are discovering they need rigorous protection as they expand into other emerging markets, especially those in South America and Africa.

Jose Carlos Vaz e Dias, a partner at Brazilian law firm Di Blasi Parente Vaz e Dias Associados, believes that, "the biggest problems faced by Indian investors in Brazil are those related to counterfeiting activities". In South Africa too this is a problem. "Trademark piracy is an increasing problem for Indian proprietors," says Joseph Lin, a professional assistant at Spoor & Fisher in Pretoria.

In Turkey, where unauthorized registration of trademarks are rampant, enforcement is a common problem. "In fact this problem is specific only to Indian companies but a common problem for all foreign companies," says Aktekin, a partner at Mehmet Gün & Partners in Istanbul.

In Europe, meanwhile, as border protection for IP rights improves, so does enforcement.



PATENT STILL PENDING: Timely protection is vital, yet in many jurisdictions administrative delays frustrate Indian IP owners.

"The customs services in the different EU countries are all fully coordinated [through the Community Customs Code] and thus a single application suffices to institute seamless surveillance along the entire border of the EU and its 27 member countries," says Soriano at Elzaburu.

But not everything in Europe is as clear-cut and there is an ongoing debate over whether the use of a trademark in one member-country of the EU represents use in all of them. "Many small and medium-sized brand owners would be likely to enter the European market through a single member state," says Eesheta Shah, a senior associate at Nabarro in London.

In France, agencies carry out seizures in cases of infringement or even suspected infringement. "Unfortunately foreign companies often discover this very powerful proceeding only when they experience it, at their own prejudice," says Evelyne Roux, a partner at Cabinet Regimbeau, a Paris-based IP firm that has represented Huawei.

In Greece, a party to all major IP treaties and conventions, delays plague the enforcement system. "A very significant problem of the civil and criminal Greek judicial system is that of unwarranted delays in enforcement, caused due to the frequency of cases' adjournments," says Irini Daroussou of A&K Metaxopoulos & Partners, an Athens-based law firm.

A step in the right direction is the number of public and private initiatives to deepen cooperation between Greece and India. Among them is a new Greek-Indian CEO forum. "In general, Greece counts for ... India as a gateway to the

[Indian companies] find the identical or similar trademarks already registered by their former importers

Diego Palacio
Attorney-at-law
Palacio & Asociados



European Union and the West," says Michael Paroussis, an attorney with Dr Helen G Papaconstantinou John V Filias & Associates in Athens.

Manuel Lopes Rocha, who heads the IP practice at Portuguese firm AM Pereira Sáragga Leal Oliveira Martins, says aggressive piracy and counterfeiting may be the biggest challenge. However, the passage of Law 16/2008, implementing the European Commission's IP Rights

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Cultural differences ... can be a challenge when acquiring IP

Agnes Andersson
Associate
Setterwalls



Enforcement Directive (2004/48/EC) has brought welcome change. "This is a great recent development in Portugal, the great turning point in Portugal," says Lopes Rocha. "Now we have fast measures provided by law and a totally new framework concerning compensation. An IP owner can trust now on Portugal and its courts. The risks from the past have practically disappeared and in some cases our courts are even faster than European standards."

Spain's parliament, meanwhile, has passed a new law against IP infringement on the Internet, which means websites with illegal content can be quickly shut down.

Back in Asia, high levels of IP violations are common everywhere except Japan. "Japanese corporations are always very active to protect and enforce their IP rights," says Kozo Yabe, an attorney at Yuasa and Hara in Tokyo.

Problems with IP violations also unite members of the association of South East Asian nations (ASEAN). "Due to the close proximity between the South East Asian countries, the infringing acts can take place in a few countries simultaneously," says Ramakrishna Damodharan of Kass International in Kuala Lumpur. "Indian companies must also be aware of parallel import issues."

Vietnam's growing economy makes it attractive for counterfeit products. While administrative, civil, and criminal remedies are available to infringed parties, "administrative procedures are currently the most effective way," says Do Quang Hung, a partner and deputy director of the IP practice at Vision & Associates in Hanoi. However such penalties, "may be considered not adequate to prevent further infringements," says Dang The Duc, managing partner of Indochine Counsel in Ho Chi Minh City.

Infringers in Vietnam are not necessarily big or identifiable corporations. They are often small vendors and unregistered companies. Manh Hung Tran, a partner at Baker & McKenzie in Hanoi, says that "as the Vietnam market has become more sophisticated, infringers have also become more IP savvy".

Translation and transliteration

The European Patent Office and the US Patent and Trademark Office have onerous formal requirements for the content and amendment of patent specifications. "Of critical importance in extending home-grown IP rights to foreign jurisdictions is ensuring that the original IP rights are drafted to comply with the detailed formal

requirements," says Paul Howard, a partner at Carpmaels & Ransford in London.

Doing so is a challenge when countries have local language requirements. Sri Lanka, for example, needs all applications to be published in Sinhala, Tamil and English but its patent office does not have enough translators. South Africa too requires all documents in one of the country's 11 official languages.

Yet another hurdle arises from the scripts of languages and Hindi may be affected in a similar way to Chinese characters. "Transliteration of marks is a broad concern," says Gorman at the US firm Davis McGrath. "Chinese characters, for example, are part of the USPTO design code, and, although they can be searched under the description of the mark, clearance of a Chinese character mark may be more difficult and more expensive," she adds.

Pham, of Vietnam's Pham & Associates, says Indian companies should not apply for registration of marks that consist only of words in Hindi or other Indian languages. "Marks in languages uncommon in Vietnam are considered inherently indistinctive," he cautions.

Who owns what?

In many jurisdictions keeping track of who owns what is an added challenge. This is a problem even in Australia where according to David Stewart, managing director of Wrays Lawyers in Perth, "a number of companies are not performing proper trademark clearance searches in Australia to determine if there are any competing businesses in Australia which have protected identical or similar brand names."

In Pakistan, many disputes occur on account of its close geographical and cultural proximity to India. "We have seen that one issue that arises sometimes is that since India and Pakistan share the [English] language and similar cultures and their media also has a transnational reach, some well-known marks ... get registered in Pakistan without the actual owner's knowledge," says Khurram Rashid, a partner in the Karachi office of Surridge & Beechero, which represents Indian companies such as Dabur India and Paras Pharmaceuticals.

The problem of who owns what gets compounded in some jurisdictions because of the glacial pace of bureaucracy. This is the case in Argentina where, "there is a particular slowness by the Argentine Trademark Office in registering the new holder with the certificate of a trademark or a patent. The backlog goes up to 16 months," says Dámaso Pardo, a lawyer at Pérez Alati Grondona Benites Arntsen & Martínez de Hoz in Buenos Aires.

Kuwait, meanwhile, is picky about who gets copyright protection. The copyright law "is limited to the works of certain types of authors," says Sam Habbas, who heads the international department of Al Ruwayeh & Partners. These include Kuwaiti nationals, other Arab authors and works published for the first time in Kuwait.

Such a wide range of laws highlights the significance of cultural diversities. "The cultural differences when it comes to negotiations, deals and drafting agreements should not be underestimated and can be a challenge when acquiring IP and negotiating business deals," says Agnes Andersson, an associate at the IP and technology practice at Setterwalls in Gothenburg. "Most Indian companies appear to understand these challenges and find ways to overcome barriers." ■