

UNIT-III

COPYRIGHTS

Introduction

Every year millions of Americans create original works like books, music, research and other forms of creative expression. All these creation are Intellectual Property and all of them are protected by copyright. Writers, editors and publishers, understanding copyrights issues are essential. Especially now that the production of counterfeit [imitating] and pirated goods, including written works, has become so prevalent.

In 2005 more than \$600 billion in pirated and counterfeited goods were recognized by WCO [World Customs Organization]. Now-a-days the internet has made copying and distributing protected material easier than ever before for avoiding copying the material. So, in order to protect yourself from IP theft, it's important to know the basics about rights.

Definition

“The legal protection given to published works forbidding anyone but the author from publishing or selling them. An author can transfer the copyright to another person or corporation, such as a publishing company.”

What is a Copyright?

- Copyright is a form of protection provided by U.S. Law to the authors of “**Original Works of Authorship**” fixed in any tangible medium of expression.
- The manner and medium of fixation are virtually unlimited.
- Creative expression may be captured in words, number, notes, sounds, pictures or any other graphic or symbolic media.
- The subject matter of copyright is extremely broad, including literary, dramatic, musical, artistic, audiovisual and architectural works.
- Copyright protection is available for both published and unpublished works.

History

- In England prompted the first insistence upon protection for publication of books
- Bookbinders and printers demanded protection from copying of books.
- Authors also began to demand protection from unauthorized copying and demanded to share in the financial rewards
- Finally, in 1710, parliament enacted the first copyright statute [Act/law], the Statute of Anne [Named after Anne, Queen of Great Britain, the Statute become the foundation for British and American Copyright Law]
- The first copyright law is enacted under the new U.S. Constitution, Protecting books maps and charts for 14 years with privilege of renewal for another 14 years
- Copy right registration is made in the U.S. district court where the author or proprietor resides.
- The first copyright entry, “The Philadelphia Spelling Book” by John Barry, is registered in U.S. District court of Pennsylvania. Protection is for 14 years with a renewal period of author 14 years.

Common Law Right

- The enacted the first copyright act in 1790 and the first federal copyright registration were issued.
- Until January 1, 1978 [the effective date of the 1976 copyright Act] the U.S had a dual system of copyright protection.
- Until 1978, an author has a perpetual common law right to their unpublished works.
- Once the work was published, however, the common law perpetual copyright was extinguished and protection was afforded by virtue [quality] of the 1909 act, provide protection up to fifty-six years.
- Publication is the distribution of copies of a work to the public for sale or other transfer of ownership, by rental lease, or lending.
- The dual nature of copyright protection was complex, often led to controversy
- The 1976 act eliminated the distinction between unpublished and published works.

For Example: Ernest Heming way’s a farewell to Arms [Published in 1929], are governed by the act in existence on the date of their publication. Heingway’s book would thus be governed by the 1909 act.

- Just as trademark rights arise from use and not from registration with PTO
- A copyright registration from the copyright office provides certain advantages to author's of work, including the following.
 - Registration establishes a public record of the copyright claim
 - Before an infringement suit may be filed in court, registration is necessary for works of U.S origin
 - If made before or within five years of publication, registration will establish Primafacie evidence in court of the validity of the copyright and of the facts stated in the certificate and
 - If registration is made within three months after publication of the work or prior to an infringement of the work, statutory damages and attorney's fee will be available to the copyright owner in court action
- Copyright protection generally lasts until seventy years from the death of the author.
- The 1976 copyright act is found at 17 U.S.C. §§101-1101 and it was amended for several times.
- In 1980, specific protection was afforded to computer programs as works entitled to copyright protection.
- Copyright Act © represents
- Another 1998 amendment to copyright law is the Digital Millennium Copyright act.

The United States Copyright Office:

Register of Copyright,
 Copyrights office,
 Library of Congress,
 101 Independence Avenue SE,
 Washington,
 DC 20559-6000

- The copyright office is not permitted to give legal advice and will not offer guidance on matter such as disputes, suits against possible infringers or other matters related to copyright.
- Among the more useful publications and materials are the following:

- Forms for copyright registration
- Circular 1, “Copyright Basics”,
- Circular 2, “Publication on copyrights”,
- Circular 3, “Copyright Notice”,
- Circular 4, “Copyright Fees”
- Circular 15, “Renewal of Copyright”
- Circular 15a, “Duration of Copyright”; and
- Circular 38a, “International copyright Relations of the United States”; and
- Circular 61, “Copyright Registration for computer Programs”

To order copyright publications, write to:

**Library of Congress,
Copyright Office,
Publication section,
LM-455,
101 Independence Avenue SE,
Washington-DC20559-6000**

- Circulars and announcements are available via facsimile
- If you do not know the document number of the items you want, you may request that a menu be faxed to you
- All the data pertaining to copyrights are available in Internet
- The copyright office provides a free electronic mailing list, “NewsNet”, that issues periodic e-mail messages on copyright issues
- Copyright office process the application via electronically

ORIGINALITY OF MATERIAL

Introduction

- The limits of copyright ability are dictated [command] by federal statute
- According to 17 U.S.C § 102, copyright protection exists in original works [tangible medium]

Thus, there are three basic requirements for copyright ability:

1. A work must be original
2. A work must be fixed in a tangible form of expression; and
3. A work must be a work of authorship

Originality of Material

- To be eligible for copyright protection
 - ★ Material must be original
 - ★ Meaning
 - ★ Independently created
 - ★ Posses a modicum of creativity
 - ★ It should not confused with novelty, worthiness or aesthetic [dealing with beauty] appeal
- “Originality” thus does not mean “first”, it merely means “independently created”,
- A slight amount of “creative spark”.

Fixation of Material :(17U.S.C. § 101

- The copyright act protects works of authorship that are “fixed in any tangible medium of expression”.
- A work is “fixed”:
 - When it is embodied [existing in broad form]
 - Phonorecord and is sufficiently permanent
 - Stable to permit it to be perceived, reproduced or communicated for a period of more than transistory [temporary] duration
- Thus there are two tangible categories
 - Copies: A copy is a material object from which a work can be perceived, reproduced or communicated, either directly by human perception or with the help of a machine.
 - Phonorecord: A Phonorecord is a material object in which sounds are fixed and

from which the sounds can be perceived, reproduced or communicated either directly by human perception or with the help of a machine.

Works of Authorship: (17 U.S.C § 102)

- The copyright act provides that copyright protection subsists [support oneself] in original works of authorship fixed in any tangible medium of expression, now known or hereafter developed, from which they can be perceived, reproduced or otherwise communicated.
- The list is preceded by the phrase that works of authorship “include” those categories, demonstrating that the listed categories are not only types of works that can be protected, but are illustrate only
 - Literary works
 - Musical works
 - Dramatic works
 - Pantomimes and choreographic works
 - Pictorial, graphic and sculptural works
 - Motion pictures and other audiovisual works
 - Sound recording and
 - Architectural works

Exclusions from copyright protection:

- Not all works are protected by copyright**
 - Ideas, Methods, or System
 - Blank forms, Titles, short phrases and common property
 - Public domain works
 - Facts
 - Computing and measuring devices

The Rights afforded by copyright law:

Introduction: The copyright act provides that, subject to certain exceptions, the owner of a copyrights has the exclusive rights to do and to authorize any of the following:

- To reproduce the copyrighted work in copies or phonorecords
- To prepare derivative works based on the copyrighted work
- To distribute copies or phonorecords of the copyrighted work to the public
- To perform the copyrighted work publicly
- To display the copyrighted work publicly
- To perform the copyrighted work publicly by means of a digital audio transmission
- Unless exemption exists, unauthorized exercise of any of these rights by another is an infringement.
- These exclusive rights, usually referred to as a “bundle”*

Rights of Reproduction:

- The most fundamental of the rights granted to copyright owners is the right to reproduce the work
- A violation of the copyright act occurs whether or not the violator profits by the reproduction
- Only the owner has the right to reproduce the work
- Secretly taping a concert, taking pictures at a performance, or recording all violate the owner’s right to reproduce
- The suggestion of congress, in 1978 a group of authors, publishers and users established a not-for-profit entity called Copyright Clearance Center [CCC]
- CCC grants licenses to academic, government and corporate users to copy and distribute the works
- It collects royalty fees, which are distributed to the authors
- Companies that photocopy articles from journals and magazines often enter into licensing arrangements with the CCC so they can make copies.

Rights to prepare Derivative works:

- Section 106 of the copyright Act provides that the owner of a copyright has the exclusive right to prepare derivative works based upon the copyrighted work
- This right I often referred to as the right to adapt the original work

Definition:

“A derivative work is broadly defined as a work based upon one or more preexisting
 K SAI ABHINAV,M TECH, (PhD). Assistant Professor, A I T S, TPT Page 7

works, such as a translation, dramatization, fictionalized motion pictures version, abridgment condensation or any other form in which a work may be recast, transformed, or adapted.

- a work consisting of editorial revisions, annotations, elaborations, or other modifications is also a derivative work
- New material represents original work of authorship

Rights of distribution and the first sale doctrine:

- Section 106 (3) of the copyright act provides that the owner of a copyright has the exclusive right to distribute copies or phonorecords of the work to the public by sale or other transfer of ownership
- A violation of the distribution right can arise solely from the act of distribution itself
- The distributor did not make an unlawful copy or the copy being distributed was unauthorized
- Thus, blockbuster video store can be liable for violating an owner's right to distribute
- Once the author has parted with ownership of copyrighted material, the new owner of a lawfully made copy can treat the object as his or her own
- The new owner the right to lend the book or movie to a friend, resell the work at a garage sale, or even destroy it.
- The first sale doctrine does not apply to or limit the author's exclusive rights to prepare derivative works or rights of public performance and
- Without permission of authorship the goods are not permitted to imported into the U.S.

Rights to perform the work publicly

- Section 106 [5] of the Copyright Act provided that
 - in the case of all copyrighted works other than sound recording & works of architecture, the copyright owner has the exclusive right to display the work publicly.
 - A display is "public" under the same circumstances in which a performance is "public".
 - Namely if it occurs at a place open to the public (or) at a place where a substantial number of persons outside of the normal circle of a family.

Copyright Ownership Issues [17 U.S.C. § 201(a)]:

- Copyright in a work protected under the copyright act vests [provide with power and authority] in the author or authors of the work
- Issues about ownership arise when more than one person creates a work
- Ownership of a physical object is separate and distinct from ownership of the copyright embodied in the material object
- Unless copyright has been explicitly conveyed with those physical articles, the original authors generally retain all other rights associated with the works.

Joint Works [intent to create a unitary whole]

- A joint work is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.
- One copyright exists in the created works
- Joint authors are those who “mastermind” or “super mind” the creative effort.

Ownership Rights in Joint Works

- If individual are authors of a joint work, each owns an equal undivided interest in the copyright as a tenant in common, [each has the right to use the work, prepare derivative works, display it without seeking the other coauthor’s permission].
- If profits arise out of such use, an accounting must be made so, that each author shares in the benefits or proceeds.
- The death of a coauthor, his or her rights pass to heirs who then own the rights in common with the other coauthor.

Ownership in Derivative or Collective Works

- The author of the original book has rights only to his or her work and cannot reproduce or perform the derivative work without permission.
- If a work such as a book is created by one person who intends it to be complete at the time and illustrations are later added to it by another, the work cannot be a joint work

because there was no intention of the parties to create a unitary whole at the time of their creation.

- ❑ The author of the derivative work cannot create further works based on the original book without permission and cannot reproduce the original work without permission.
- ❑ Multiple ownership rights may also arise if separately copyrightable works are compiled into a collection.
- ❑ **For Example:** If essays written by Jerry Seinfeld, Ellen DeGeneres, and Paul Reiser are collected into a humor anthology by Bill Jones (with permission of the original authors), the original authors retain their exclusive rights (such as rights to reproduce, distribute, and perform) in their respective essays. No joint work is created because there was no intent at the time the separate essays were created to merge them into a unitary whole. No derivative work is created because the original works have not been transformed in any way and nothing new has been added to them. The anthology by the compiler, Bill Jones, is a collective work and pursuant to section 201(c) of the act, Jones acquires only the right to reproduce and distribute the contributions as part of the particular collective work or any revision of the collective work.

Works Made for Hire

- ❑ The general rule is that the person who creates a work is the author of that work and the owner of the copyright therein, there is an exception to that principle: the copyright law defines a category of works called **works made for hire**.
- ❑ If a work is “made for hire”, the author is considered to be the employer or commissioning party and not the employee or the actual person who created the work.
- ❑ The employer or commissioning party may be a company or an individual.
- ❑ There are two types of works that are classified as works made for hire; works prepared by an employer within the scope of employment and certain categories of specially ordered or commissioned works.

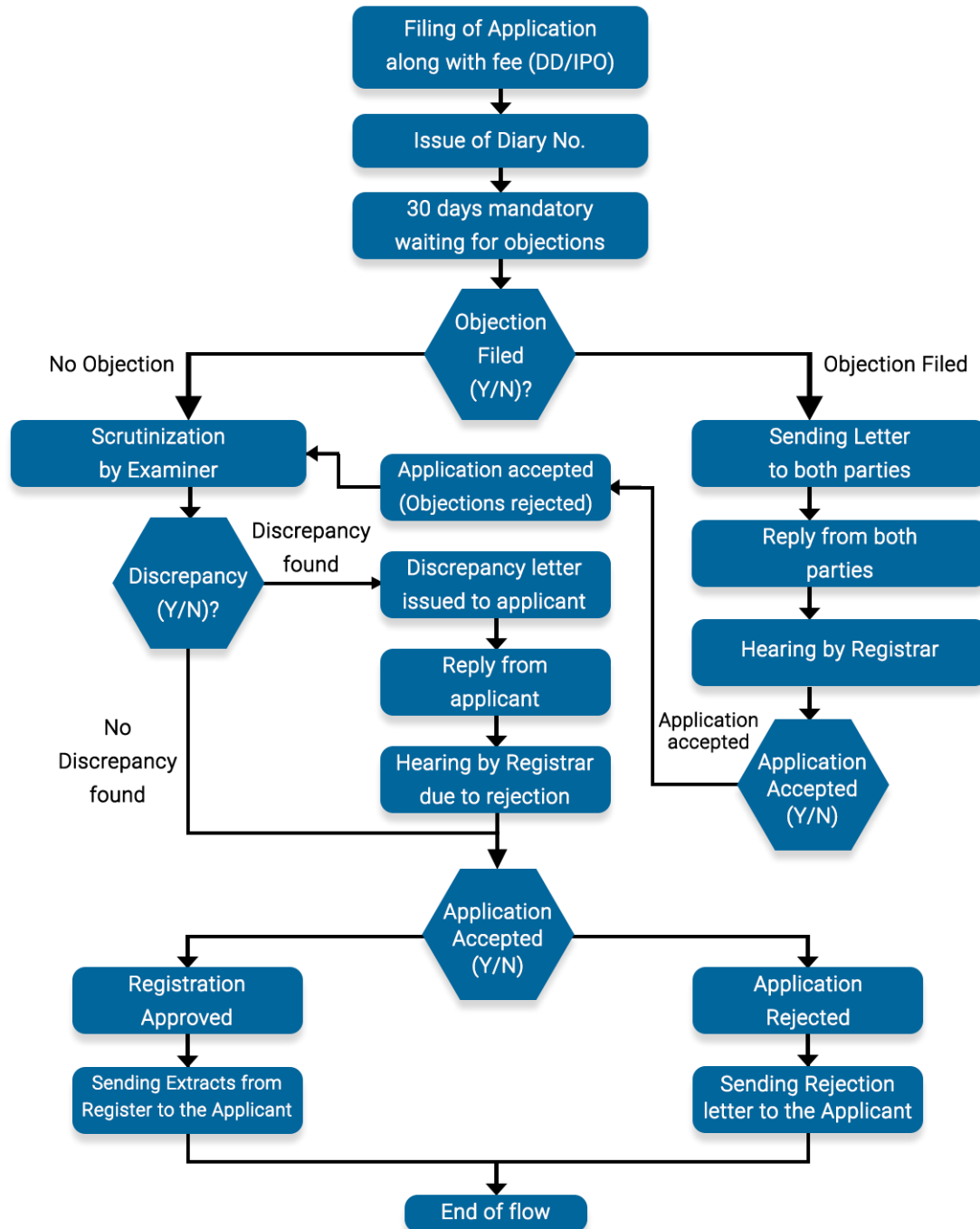
Copyright Registration

- ❑ A work is “created” when it is fixed in a copy or phonorecord for the first time.
- ❑ Although not required to provide copyright protection for a work, registration of copyright with the Copyright Office is expensive, easy and provides several advantages,

chiefly, that registration is a condition precedent for bringing an infringement suit for works of US origin.

- To register a work, the applicant must send the following three elements to the Copyright Office: a properly completed application form, a filing fee, and a deposit of the work being registered.
- Registration may be made at any time within the life of the copyright.

Copyright Registration Workflow



THE APPLICATION FOR COPYRIGHT REGISTRATION

The following persons are entitled to submit an application for registration of copyright:

- the author (either the person who actually created the work or, if the work is one made for hire, the employer or commissioning party)
- the copyright claimant (either the author or a person or organization that has obtained ownership of all of the rights under the copyright originally belonging to the author, such as a transferee)
- the owner of exclusive right, such as the transferee of any of the exclusive rights of copyright ownership (for example, one who prepares a movie based on an earlier book may file an application for the newly created derivative work, the movie); and
- the duly authorized agent of the author, claimant, or owner of exclusive rights (such as an attorney, trustee, or anyone authorized to act on behalf of such parties)

Application Forms

The Copyright Office provides forms for application for copyright registration.

- Each form is one 8 ½ by 11” (inches) sheet, printed front and back.
- An applicant may use photocopies of forms
- The Copyright Office receives more than 6,00,000 applications each year, each application must use a similar format to ease the burden of examination.
- The type of form used is dictated by the type of work that is the subject of copyright.
- For example:** One form is used for literary works, while another is used for sound recording. Following are the forms used for copyright application.
 - ✓ **Form TX** (Literary works, essays, poetry, textbooks, reference works, catalogs, advertising copy, compilations of information, and computer programs)
 - ✓ **Form PA** (Pantomimes, choreographic works, operas, motion pictures and other audiovisual works, musical compositions and songs.
 - ✓ **Form VA** (Puzzles, greeting cards, jewelry designs, maps, original prints, photographs, posters, sculptures, drawings, architectural plans and

blueprints.

- ✓ **Form SR** (Sound recording)
- ✓ **Form SE** (periodicals, newspapers magazines, newsletter, annuals and Journals. Etc.

NOTICE OF COPYRIGHT

- Since March 1, 1989 (the date of adherence by the United States to the Berne Convention), use of a **notice of copyright** (usually the symbol © together with the year of first publication and copyright owner's name) is no longer mandatory, although it is recommended and offers some advantages.
- Works published before January 1, 1978, are governed by the 1909 copyright Act.
- Under that act, if a work was published under the copyright owner's authority without a proper notice of copyright, all copyright protection for that work was permanently lost in the United States.
- With regard to works published between January 1, 1978, and March 1, 1989, omission of a notice was generally excused if the notice was omitted from a smaller number of copies, registration was made within five years of publication, and a reasonable effort was made to add the notice after discovery of its omission.

International Copyright Law

- Developments in technology create new industries and opportunities for reproduction and dissemination of works of authorship.
- A number of new issues have arisen relating to the growth of electronic publishing, distribution, and viewing of copyrighted works.
- Along with new and expanded markets for works comes the ever-increasing challenge of protecting works from piracy or infringement.
 - ✓ Copyright protection for computer programs
 - ✓ Copyright protection for Automated Databases
 - ✓ Copyright in the Electronic Age
 - ✓ The Digital Millennium Copyright Act

LAW OF PATENTS

- The work *Patent* is a shorthand expression for “letters patent”
- A **Patent** is a grant from the U.S. government to exclude others from making, using, or selling another person’s new, nonobvious, and useful invention in the United States for the term of patent protection.
- It is protected for 20 years
- Under patent law, inventors can enjoin the making, using or selling of an infringing invention even if it was independently created.
- A Patent allows its owner to exclude others from using the owner’s invention; it does not provide any guarantee that the owner can sell the invention.
- To obtain a patent, an inventor must file an application with the PTO, same agency of the Department of Commerce that issues trademark registration.
- The application must describe the invention with specificity.
- The application will be reviewed by a PTO examiner, and, if approved, the patent will issue.
- The U.S. Constitution provides that Congress shall have the power “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive rights to their respective writing and discoveries”.
- Patent promote the public good in that patent protection incentivizes inventors.

Advantages of Patents

- Patents promote the public good in that patent protection incentivizes inventors
- The introduction of new products and processes benefits society.
- In return for the full disclosure to the public of specifics of the invention, thus advancing science and technology, the inventor is given a limited period of time within which to exploit his or her invention and excluded others from doing so.
- Inventors are thus incentivized to create new products, and the public benefits from inventions that ultimately will fall into the public domain.

Rights Under Federal Law

- Patent law derives from the Constitution.
- In 1790, pursuant to the direction provided in the Constitution, Congress passed the first patent, which in large part relied upon English Law.
- Three years later, the statute was replaced with a new act authored by *Thomas Jefferson*.
- These early acts provided the structural framework for U.S patent law and specified the four basic conditions, still existing, that an invention must satisfy to secure patent protection:
 - ✓ The invention must be a utility, design, or plant patent
 - ✓ It must be useful (or ornamental in the case of a design patent or distinctive in the case of a plant patent);
 - ✓ It must be novel in relation to the prior art in the field; and
 - ✓ It must not be obvious to a person of ordinary skill in the field.
- Revision of federal patent statutes occurred in 1836 when the Patent Office was created and again in 1870 and 1897.
- Thereafter, in 1952, Congress enacted a new patent act, codified in title 35 of the United States Code (U.S.C), it is last major revision to federal patent statutes
- Development of patent law has evolved primarily through federal court decisions rather than the legislature
- In 1982, Congress created a new court, the Court of Appeals for the Federal Circuit (CAFC), the exercise exclusive jurisdiction over all cases involving patent issues and to promote uniform interpretation of the U.S. patent statutes, which until then had been interpreted in often inconsistent ways by the various federal courts of appeals throughout the nation. Moreover, some inventions such as computer programs, are protectable under copyrightlaw as well as patent law.

Patent Searching Process

The Need for a Search:

- Patentability requires novelty and nonobviousness.
- The patentability search, sometimes called a novelty search
- A search is recommended to determine the feasibility of obtaining a patent.
- A novelty search is somewhat limited in scope and is designed to disclose

whether an application will be rejected on the basis of lack of novelty or obviousness.

- A novelty search can usually be completed for less than \$1,000.
- If an invention is intended for immediate commercial use or sale, an additional search, call an infringement search or investigation, is often conducted concurrently with the novelty search.
- This novelty search is thus more expensive

Searching Methods:

- The PTO provides public search facilities for patent searching.
- Searching is free and the PTO allows searchers to review issued patents, complete with drawings.
- Searching can be done either in the main public search room or in the examiners' search areas where examiners will assist in searching. (The patent search room contains copies of all U.S. issued patents from 1790 to present as well as many foreign patents).
- The PTO employs a classification system that provides for the storage and retrieval of patent documents
- The patent examiners in the course of examining patent applications, the system is also used by searchers, and classification files are divided into subclasses.
- Most classes have approximately three hundred sub classes

Patent Application Process

Overview of the Application Process

- The process of preparing, filing, and shepherding a patent application through the PTO towards issuance is called "prosecution".
- An application may be filed by the inventor himself or herself or, as is more usual, by a patent attorney.
- Only 20% of all applications are filed by inventors without the assistance of attorneys.

- The application is filled with PTO, it will be assigned to one of more than 3500 patent examiners having experience in the area of technology related to the invention who will review the application and conduct a search of patent records to ensure the application complies with the statutory requirements for patents.
- The process may continue for several rounds.
- A Notice of Allowance will be sent to the applicant, which specifies an issue fee that must be paid to the PTO in order for the patent to be granted.
- Until 2000 all patent application were maintained in confidence, but after November 2000 they were published
- It takes one to three years to prosecute a patent, and costs and fees can range from \$5000 to more than \$30000 with fee generally ranging for \$10000 to \$12000

Patent Practice

- While preparing trademark and copyright applications is relatively straightforward, preparing a patent application requires skillful drafting as well as knowledge in the relevant fields, whether that is biotechnology, chemistry, mechanical engineering, physics, computers, pharmacology, electrical engineering, and so forth.
- They are divided into different groups, such as a mechanical group, a biotech group, and an electrical group.
- Many patent attorneys possess both a law degree and an advanced degree in engineering, physics, chemistry, or the like.
- To represent patent applicants before the PTO, an attorney must be registered to practice with the PTO.
- An attorney must pass the Patent Bar, which requires the attorney to demonstrate background in science or engineering.
- The examination is very difficult it is a multiple choice questions, and the pass rate tends to hover around one-third.
- A list of attorneys and agents registered to practice before the PTO is available from the Government Printing Office located in Washington, DC, Alternatively, the PTO web site (<http://www.uspto.gov/web/offices/dcom/olia/oed/roster/>) provides an index to the more than 18000 attorneys and agents who are licensed

to practice before the PTO.

Confidentiality of Application Process and Publication of Patent Application

Types of Application

1. Provisional Application
2. Utility Application
3. Design Application
4. Plant Application
5. Continuation Application
6. PCT (Patent Cooperation Treaty) Application
7. Divisional Application

Preparing the Application

- Title
- Cross-references to related applications
- Background
- Summary of invention
- Brief description of drawing
- Detailed description of the invention
- Claims

Patent Prosecution Flowchart

Ownership Rights

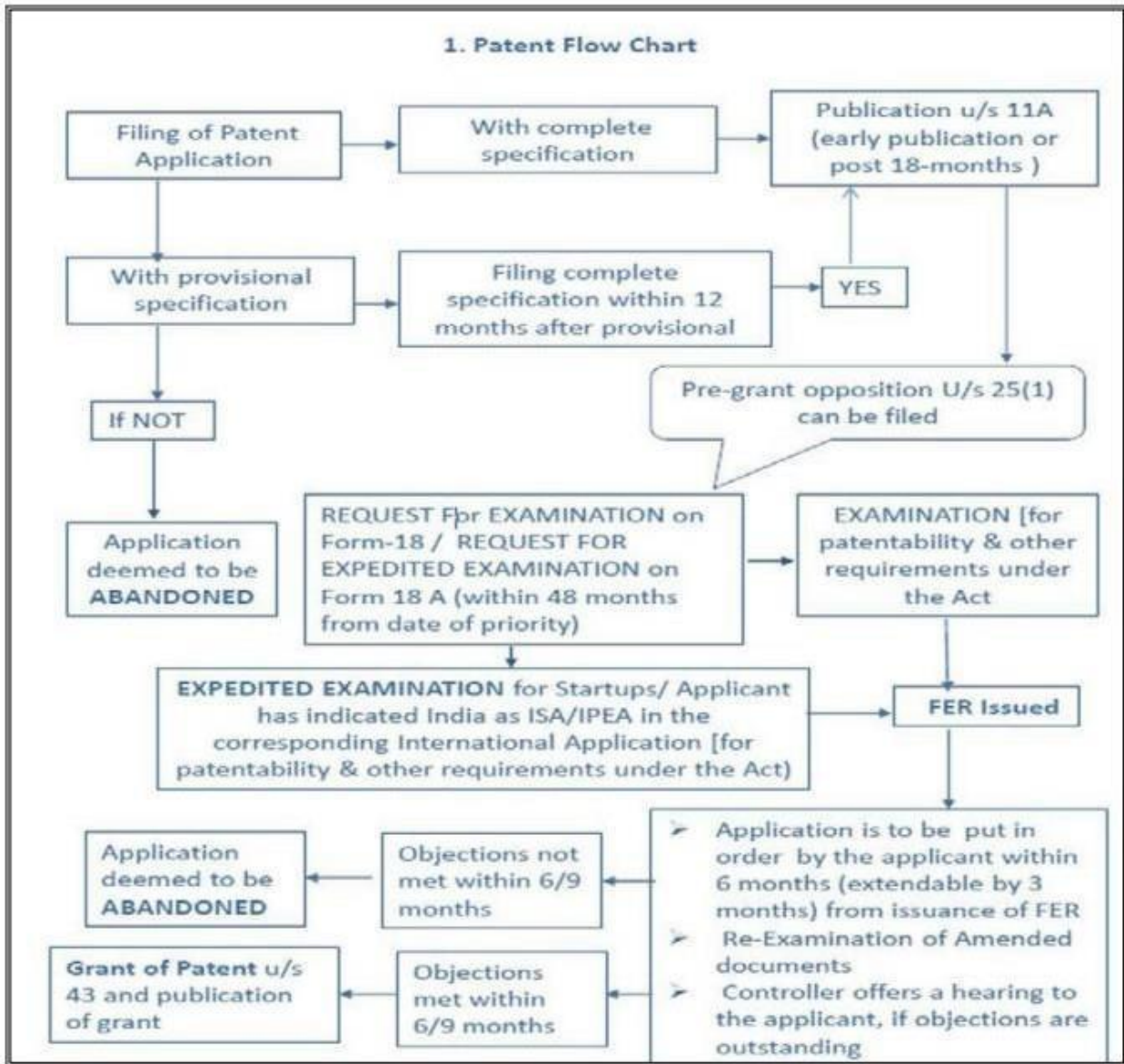
- Patents are items of personal property and thus may be owned, sold, licensed, or devised by will.
- Applications for patent must be filed by the actual inventor of the article, process, design, or plant.

- If there is more than one inventor, the application must be signed by all inventors.
- In many instance, employees are required to sign agreements with their employers whereby they agree that any invention or discovery invented by them while on the job will belong to the employer and that they will agree to assist and cooperate in any manner, including signing applications for patents, to ensure the employer's rights are protected
- Although the oath in the patent application is signed by the individual inventor, when the application is filed, a simultaneous assignment is also filed identifying the employer as the "true" owner of the application and the invention.

Ownership transfer

- As objects of intellectual property or intangible assets, **patents** and patent applications may be **transferred**.
- A transfer of patent or patent application can be the result of a financial transaction, such as an assignment, a merger, a takeover or a demerger, or the result of an operation of law, such as in an inheritance process, or in a bankruptcy.
- The rationale behind the transferability of patents and patent applications is that it enables inventors to sell their rights and to let other people manage these intellectual property assets both on the valuation and enforcement fronts. As The Economist put it, *"Patents are transferable assets, and by the early 20th century they had made it possible to separate the person who makes an invention from the one who commercialises it. This recognised the fact that someone who is good at coming up with ideas is not necessarily the best person to bring those ideas to market."*

LIFE CYCLE OF A PATENT APPLICATION



UNIT-IV

TRADE SECRETS LAW

- The type of information that must be kept confidential in order to retain its competitive advantage is generally called a “Trade Secret”
- A trade secret is any information that can be used in the operation of a business or other enterprise that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.
- Restatement (Third) of Unfair Competition § 39 (1995).
- A recipe, a formula, a method of conducting business, a customer list, a price list, marketing plans, financial projection, and a list of targets for a potential acquisition can all constitute trade secrets.
- Generally, to qualify for trade secret protection, information must
 - ✓ be valuable;
 - ✓ not be publicly known; and
 - ✓ be the subject of reasonable efforts to maintain its secrecy
- The rapid pace of technology advances the ease with which information can now be rapidly disseminated and the mobility of employees require businesses to devote significant effort to protecting their trade secrets.
- If trade secrets were not legally protectable, companies would have no incentive for investing time money and effort in research and development that ultimately benefits the public at large.
- Trade secrets law not only provides an incentive for companies to develop new methods and processes of doing business but also, by punishing wrongdoers, discourages improper conduct in the business environment.

The Law Governing Trade Secrets:

- Trademarks, copyrights, and patents are all subject to extensive federal statutory schemes for their protection, there is no federal law relating to trade secrets, and no registration is required to obtain trade secret protection.
- Most trade secret law arises from common law principles, namely, judge-made case law.
- The first reported trade secret case in the United States was decided in 1837 and involved manufacturing methods for making chocolate.

In 1939, the Restatement of Torts (a wrongful act or an infringement of a right) adopted a definition of a trade secret, and many states relied on that in developing their body of case law, leading to greater consistency in the development of trade secrets law.

- Additionally 1979, the National Conference of Commissioners on Uniform State laws drafted the uniform Trade Secrets Act (UTSA) to promote uniformity among the states with regard to trade secrets law.
- The UTSA was amended in 1985.
- The following definition of trade secret has been adopted by the UTSA:

Trade secret means information, including a formula, pattern, compilation, program, device, method, technique or process that:

- ✓ Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
- ✓ is the subject of efforts that are reasonable under the circumstance to maintain its secrecy.

DETERMINATION OF TRADE SECRET STATUS:

Restatement of Torts (a wrongful act or an infringement of a right) §757 cmt.b lists six factors to be considered in determining whether information qualifies as a trade secret. Courts routinely examine these factors to determine whether a company's information constitutes a trade secret.

The extent to which the information is known outside the company:

- Although information may be known to other outside the company and still qualify as a trade secret, the greater the number of people who know the information, the less likely it is to qualify as a trade secret.
- Secrecy need not be absolute.

The extent to which the information is known within the company:

- Although an employer or company is permitted to disclose confidential information to those with a demonstrated "need to know" the information.
- If the information is widely known within the company, especially among those who have no business need to know the information, it may not qualify as a trade secret. The extent of the measures taken by the company to maintain the secrecy of the information:
- One claiming trade secret protection must take reasonable precautions to protect the information.
- Courts are unlikely to protect information a company has not bothered to protect.
- A company is not obligated to undertake extreme efforts to protect information, but reasonable precautions are required.
- Some experts predict that courts will likely require advanced security measures to protect trade secrets transmitted via e-mail, including encryption and protocols to ensure

confidentiality.

The extent of the value of the information to the company and its competitors:

- If information has little value either to its owner or to the owner's competitors, it is less likely to qualify as a trade secret.
- Conversely, information that is valuable to a company, such as the recipe for its key menu product, and that would be of great value to the company's competitors is more likely to be protectable trade secret.

The extent of the expenditure of time, effort, and money by the company in developing the information:

- The greater the amount of time, effort, and money the company has expended in developing or acquiring the information, the more likely it is to be held to be a protectable trade secret.

The extent of the ease or difficult with which the information could be acquired or duplicated by other:

- If information is easy to acquire or duplicate, it is less likely to qualify a trade secret.
- Similarly if the information is readily ascertainable from observation or can be easily reproduced, it is less likely to be a trade secret.
- On the other hand, if it can be reverse engineered only with significant expenditures of time, effort, and money, the product may retain its status as a trade secret.

LIABILITY FOR MISAPPROPRIATION OF TRADE SECRETS:

Misappropriation of a trade secret occurs when a person possesses, discloses, or uses a trade secret owned by another without express or implied consent and when the person

- used improper means to gain knowledge of the trade secret;
- knew or should have known that the trade secret was acquired by improper means; or
- Knew or should have known that the trade secret was acquired under circumstances giving rise to a duty to maintain its secrecy.

The term *improper* means includes bribery, theft, and misrepresentation, breach of duty to maintain secrecy, or espionage (the practice of spying or of using spies, typically by governments to obtain political and military information) or other means.

Thus, misappropriation occurs either when a trade secret is lawfully acquired but then improperly used or when the trade secret is acquired by improper means.

Absence of Written Agreement:

- A written agreement prohibiting misappropriation of trade secrets can be enforced through an action for breach of contract; a company's trade secrets can be protected against misappropriation even in the absence of any written agreement between the parties.
- A party owning trade secrets can bring an action in tort for breach of the duty of confidentiality, which duty can arise even without an express agreement.
- Courts will impose a duty of confidentiality when parties stand in a special relationship with each other, such as an agent-principal relationship (which includes employer-employee relationship) or other fiduciary (involving trust, especially with regard to the relationship between a trustee and a beneficiary) or good faith relationship
- Courts have consistently held that employees owe a duty of loyalty, fidelity, and responsibility to their employers.

In fact, more trade secret cases are brought in tort for breach of confidentiality than in

contract for breach of written agreements.

For example: If XYZ company is attempting to make a sale to Jones and informs Jones that the XYZ product is superior to that of competitors because it involves a new breakthrough in technology and explains the trade secret, courts would likely find that Jones is subject to a duty not to disclose the information. Similarly, if XYZ co., explains its trade secrets to its bankers in an attempt to obtain financing, the bankers would likely be precluded from disclosing or using the information. Such implied contracts to protect the information generally arise when the parties' conduct indicates they intended the information to be kept confidential or impliedly agreed to keep it confidential.

Misappropriation by Third Party:

A number of other parties may also have liability for misappropriation of trade secrets if they knew or should have known they were the recipients of protected information.

For example:

1. Assume Lee is employed by XYZ co., In course of time Mr.Lee learns valuable trade secret information. If Mr.Lee resigns jobs and begins working for new company and it prohibited for both in using the information. He may not misappropriate the information because he was in an employee-employer relationship with XYZ company. New company should not use the information if Mr Lee reveals, if it happen so, then XYZ Company would generally prefer to sue New Company inasmuch as it is far likelier to have deep pockets, meaning it is more able to pay money damages than is an individual such as Lee.
2. If New Company has no reason to know the information was secret or that Mr. Lee may not reveal it, New Company would not have liability for such innocent use of the information. Similarly, if trade secret information were innocently obtained by New Company by mistake, New Company would have no liability for subsequent use or disclosure of the information.

Written Agreement:

Employers are generally free to require employee, independent contractors, and consultants to sign express agreements relating to the confidentiality of information. These agreements are usually enforced by courts as long as they are reasonable. The agreements usually include four specific topics:

- Ownership of Inventions
- Non-disclosure Provisions
- Non-solicitation Provisions
- Non-competition Provisions
 - ✓ Purpose
 - ✓ Reasonableness
 - ✓ Consideration

PROTECTION FOR SUBMISSION:

Submission to Private Parties:

In many instances individuals wish to submit an idea for an invention, process, game, or entertainment show to a company or business in the hope that the company or business will market and develop the idea and the individual will be compensated for the idea?

- Idea submission disputes frequently arise in the entertainment industry. In one case an individual claimed that the producers of the Cosby Show (American comedian) misappropriated her idea for a television program portraying a wholesome and loving African American family. A court held there were no people and the idea was so general as to lack the element of concreteness to be protectable.
- The solution to such a dilemma is for the “inventor” to submit the idea pursuant to an evaluation agreement, or submission agreement, whereby the other party agrees to evaluate the idea only for the purpose of considering a future transaction between the parties and further agrees not to circumvent the submitter or to disclose the idea to others.

Submission to Government Agencies:

- Private companies that present bids to government agencies in the hope of obtaining a government contract are often required to disclose confidential or trade secret information to the agency.
- Under freedom of information act (both at the state and federal levels), the proposal might later be released to any member of the public requesting the document, thus

resulting in loss of confidential information to possible competitors.

- The protected information is usually blocked out.
- If a government agency discloses trade secret information, the owner may have a cause of action for an unconstitutional taking of private property and may be awarded compensation if the owner had a reasonable expectation of confidentiality.

REMEDIES FOR MISAPPROPRIATION:

A trade secret owner may request a variety of remedies from a court. Among them are the following:

- **Injunctive relief:** In many cases, a trade secret owner is more interested in ensuring the defendant cease use of the trade secret (or is precluded from commencing use) than in recovering damages. In cases in which money damages are not sufficient to protect a trade secret owner, a court may issue an injunction. A court may also issue an injunction to compel the defendant to surrender or destroy trade secret information. In fact, courts may issue injunctions' to prevent inevitable disclosure, reasoning that even if a former employer cannot show a particular secret has been taken, it is inevitable that key employees will eventually disclose what they know to a new employer.
- **Money damages:** A trade secret owner whose information has been misappropriated may recover money damages from the defendant. The Plaintiff may recover its lost profits as well as the profits made by the defendant. Alternatively, the plaintiff may seek and recover a reasonable royalty arising from defendant's use of the trade secret. Punitive damages may also be awarded in cases in which the defendant's conduct is reckless, willful, and intentional. The USTA provides that punitive damages not exceed more than twice the compensatory damages awarded.
- **Attorneys' fees and costs:** In most cases, the parties bear their own attorneys' fees and costs. The UTSA, however, provides that reasonable attorneys' fees and costs may be awarded to the prevailing party if bad faith or willfulness is shown.

TRADE SECRET LITIGATION:

- If a trade secret is disclosed in violation of a written confidentiality agreement, and the parties cannot resolve the dispute themselves, an action for breach of contract may be brought, similar to any other breach of contract action.
- The plaintiff may add other causes of action as well, for example, for misappropriation in violation of a state trade secret law. If no written agreement exists, the plaintiff must rely upon case law or state statutes protecting trade secrets, or both.
- To protect itself against a lawsuit by another alleging trade secret violation, companies should require new employees who will have access to confidential information to acknowledge in writing that accepting employment with the new company does not violate any other agreement or violate any other obligation of confidentiality to which the employee may be subject.
- If grounds for federal jurisdiction exist (the parties have diverse citizenship and the claim exceeds \$75000), the action may be brought in federal court.
- The UTSA [Uniform Trade Secrets Act] provides that an action for misappropriation must be brought within three years after misappropriation is discovered or reasonably should have been discovered.
- In federal court, the action will be governed by the Federal Rules of Civil Procedure relating to federal civil actions generally.
- Most states have rules relating to civil procedure that are modeled substantially after the Federal Rules of Civil Procedure and likewise govern the litigation.
- If the defendant has a cause of action to assert against the plaintiff relating to the trade secret, it must be asserted by way of a counterclaim in the litigation so that all disputes between the parties relating to the information can be resolved at the same time.

- After the complaint, answer, and counterclaim have been filed, various motions may be made. Discovery will commence. The plaintiff and defendant will take depositions to obtain testimony from those who may have information about the case.
- Ultimately, if the matter cannot be resolved by private agreement, it will proceed to trial. The trade secret owner must prove misappropriation by a preponderance of the evidence. Either party may request a jury trial; otherwise, a judge will render the decision. Appeals may follow.
- One of the difficult issues in trade secret litigation arises from the fact that the trade secret sought to be protected often must be disclosed in the litigation so the judge or jury can evaluate whether the information is sufficiently valuable that it affords its owner a competitive advantage.
- Similarly, the owner's methods of protecting the information often must be disclosed so the fact-finder can determine whether the owner has taken reasonable measures to protect the alleged trade secrets.
- The dilemma faced by trade secrets owner is that they must disclose the very information they seek to protect.
- As technology progresses and the value of certain communication and entertainment inventions increases, trade secret litigation is becoming an increasingly common and high-stakes occupation.

TRADE SECRET PROTECTION PROGRAMS: Trade secrets are legally fragile and may be lost by inadvertent disclosure or failure to reasonably protect them, companies should implement trade secret protection programs to safeguard valuable information. Because trade secret protection can last indefinitely, businesses should devote proper attention to the methods used to ensure confidentiality of information. Developing programs and measure to protect trade secrets is an easy way to demonstrate to a court that an owner values its information and takes appropriate measures to maintain its secrecy.

Physical protection

There are a variety of tangible measures a company can implement to protect trade secrets, including the following:

- Safeguarding information under lock and key;
- Protecting the information from unauthorized access;
- Forbidding removal of protected information from the company premises or certain rooms;
- Retaining adequate security during evening and weekends either through alarm systems or security services; Ensuring tours of the company premises do not expose outsiders to valuable processes or information;
- Using check-out lists when valuable equipment or information is removed from its normal location;
- Monitoring employees' use of e-mail and the Internet to ensure confidential information is not being disseminated;
- Using encryption technology and antivirus protection programs to protect information stored on computers;
- Educate employees on trade secrets and protection of trade secrets;
- Ensuring information retained on computers is available only on company networks so that access can be easily tracked.

Most companies will not need to implement all of the measures described above. Courts do not require absolute secrecy or that extreme measure be taken to protect information. Rather, reasonable measures will be sufficient to protect the status of information as trade secrets.

Contractual Protection

- Another method of protecting trade secrets is by contract, namely, requiring those with access to the information to agree in writing not to disclose the information to other or use it to the owner's detriment.
- Similarly, in licensing arrangements, trade secret owners should ensure the license agreements contain sufficient protection for trade secret information.
- Employers should use noncompetition agreements to ensure former employees do not use material gained on the job to later compete against the employer.

- With the advent of the Internet and the increased ease of electronic communications, employers have become concerned about the loss of trade secrets through dissemination over the Internet.

- It has been held that “*once a trade secret is posted on the Internet, it is effectively part of the public domain, impossible to retrieve*”.

Contractual Protection

Companies can also rely on other complementary methods of protection to safeguard trade secrets. Any material that qualifies for copyright protection should be protected by registration, or at a minimum, by ensuring a copyright notice is placed on the material or document to afford notice to other of the owner’s right and internet in the material. The law of unfair competition is based upon the notion that individuals should be protected from deceptive (looking down) and improper conduct in the marketplace. The law of unfair competition is found in case law, in state statutes prohibiting unfair business practices, in specific federal statutes, and in regulations promulgated by the FTC (Federal Trade Commission), the federal regulatory agency charged with protecting consumers from unfair or deceptive acts and practices.

UNFAIR COMPETITION

The law of unfair competition continues to evolve as new methods of conducting business arise, such as electronic offers and sales through telemarketing, television infomercials, and the Internet. There are a number of theories and actions that can be used by injured parties to protect against unfair competition. In many instances, actions for unfair competition will be combined with other actions (such as those alleging trademark, copyright, or patent infringement) to provide a plaintiff a wide array of possible remedies.

For Example: a designer of scarves imprinted with fanciful designs may decide against applying for a design patent due to the expense involved and the short life cycle of fashion products. Protection against copying of the design may thus be available under the umbrella of unfair competition rather than under design patent law.

Section 43 of the Lanham Act (15 U.S.C § 1125) provides a federal cause of action to protect consumers against unfair competitive business practices. Moreover, section 43(a) protects unregistered marks and names, such as those that do not qualify for federal trademark

registration because they are descriptive or perhaps used only in intrastate commerce.

The most common types of unfair competition are discussed more fully in this chapter but can be briefly summarized as follows:

- Passing off (or palming off), “Passing off” occurs when one party attempts to pass off or sell his or her goods or services as those of another.
- Misappropriation
- Right of Publicity
- False advertising
- Dilution, Either tarnishing another’s mark or causing it to lose its distinctiveness through “blurring” is actionable as dilution
- Infringement of trade dress, adopting the overall concept of another’s distinctive packaging or product image, generally called its “trade dress”, so as to deceive consumers is an infringement of trade dress. Generally, injured parties notify the wrongdoer prior to initiating litigation.

MISAPPROPRIATION:

- The doctrine of misappropriation first arose in *International News Service V. Associated Press*, 248 U.S. 215 (1918), in which the Supreme Court held that an unauthorized taking of another’s property, in that case, news information, that it invested time and money in creating was actionable as misappropriation of property.
- In INS, news information originally gathered by the Associated Press relating to World War I was pirated by International News Service and sold to its customers.
- Because the news itself, as factual matter, could not be copyrighted, the plaintiff could not sue for copyright infringement.

- Instead it alleged that its valuable property right had been taken or misappropriated by the defendant.
- The Supreme Court agreed, noting that the defendant was “endeavoring to reap where it has not sown, and is appropriating to itself the harvest of those who have sown. “Id. At 239-40. Because the defendant was not attempting to convince its subscribers that its news reports were from the plaintiff, an action for passing off would not lie. The defendant was misappropriating rather than misrepresenting.

RIGHT OF PUBLICITY:

- The right of publicity gives individuals, not merely celebrities, the right to control commercial use of their identities or personas.
- The right of publicity protects a commercial interest, the vast majority of cases involve celebrities inasmuch as they can readily show economic harm when their names, photographs, or identities are used to sell products or suggest a sponsorship of merchandise.
- Publicity rights are governed by state law.
- The right of publicity has evolved from the right of privacy, which protected against unreasonable invasions upon another person’s solitude and provided remedies for the disclosure of private information.
- The right of publicity allows individuals to protect the marketability of their identities and punishes those who would unjustly enrich themselves by appropriating another’s fame for profit-making purposes.
- Unpermitted commercial exploitation of an individual’s persona would dilute the value of the persona, making it more difficult for the individual to commercialize his or her identity. Thus, remedies for infringement include injunctions to prevent further exploitation and monetary relief to compensate the individual whose right of publicity has been appropriated (including damages for injury to reputation recovery of the defendant’s profits, and punitive damages in extreme cases)

- Courts have articulated a number of reasons for upholding an individual's right to publicity, including the need to protect against confusion that would arise if consumers were led to believe individuals sponsor or approve products when they do not, the need to incentivize performers who provide entertainment and benefit to society and should thus be provided with a protectable proper right in their identities.
- The right of publicity does not apply to non commercial uses; using another's name, likeness, or identity for news reporting, scholarship, or research is permissible.

NEW DEVELOPMENTS IN THE RIGHT OF PUBLICITY

- As is common with intellectual property rights in today's society, some of the new issues relating to the rights of publicity stem from increasing technological advances.
- Without prior permission one should not appear in the digital technology used movie.
- The international Trademark Association has proposed amending the U.S. Trademark Act to create a federal right of publicity with postmortem rights (although such rights would be limited to some specific period of duration after death).
- *Similarly, names, gestures, and likenesses are unprotectable under copyright law because they are titles or ideas rather than expressions.*
- Thus, in some instances, federal copyright law may control a plaintiff's rights, while in other instances; only the right to publicity will provide protection.
- **California recently passed** the Astaire Celebrity Image Protection Act (Cal.Civ.Code § § 3344-3346) to allow heirs of celebrities to block commercial uses of deceased celebrities' likenesses while allowing a "safe harbor exemption" to artistic uses, such as the digital insertion of President Kennedy's image into the movie Forrest Gump, or uses for news, public affairs, and so forth.

FALSE ADVERTISING:

- In 1943, the federal trademark law, the Lanham Act, was passed.
- Section 43(a) of the act (15 U.S.C. § 1125) prohibited false designations of origin, namely, descriptions or representations tending falsely to describe or represent goods or services.
- It was not an effective vehicle to use when a party made misrepresentations relating to the nature or quality of goods or services.
- Moreover, until the passage of the Lanham Act, Plaintiffs, an element that was often difficult to demonstrate.
- Although the individual states enacted statutes prohibiting false advertising, these statutes varied from state to state and were often ineffective to prohibit false advertising that was national in scope.
- The expansive language of section 43 of the Lanham Act, however, soon began to be used to protect not only against unregistered trademarks but also against nearly all forms of false advertising.
- In 1989 Congress amended the Lanham Act and broadened the scope of section 43 for infringement of trademarks (both registered and unregistered marks) and trade dress, while the other portion of the statute allows the assertion of claims for false advertising and trade libel.

□

Under section 43(a), whoever uses a false or misleading description or representation of fact or false designation of origin in commercial advertising or promotion or misrepresents the nature, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities is liable to any person likely to be injured by such act (if the act is committed in interstate commerce)

For Example:

- a failure to disclose that advertised prices did not include additional charges;
- a statement that a pregnancy test kit would disclose results in “as fast as ten minutes” when a positive result would appear in ten minutes but a negative results might take thirty minutes;

- a claim that a certain motor oil provided longer life and better engine protection than a competitor's product when that claim could not be substantiated;
- a false claim that automobile antifreeze met an automobile manufacturer's standards;
- covering up a label stating "Made in Taiwan" that appeared on goods

INTERNATIONAL PROTECTION AGAINST UNFAIR COMPETITION:

- The United States has assumed certain obligations under international agreements in the arena of unfair completion, chiefly under the Paris Convention.
- The Paris Convention seeks to afford citizens of each of the more than 160 member nation's protection against unfair competition and trademark infringement and requires that member nations provide the same level of protection against unfair competition to citizens of other member nations as they do for their own citizens.
- The Paris Convention expressly prohibits acts that create confusion b y any means with a competitor, false allegations that discredit a competitor, and indications that mislead the public in regard to the nature or characteristics of goods.
- Section 44 of the Lanham Act (15 U.S.C§ 1126) implements the Paris Convention and expressly provides that any person whose country of origin is a party to any convention or treaty relating to the repression of unfair competition, to which the United States is also a party, is entitled to effective protection against unfair completion.

UNIT-V

NEW DEVELOPMENTS OF INTELLECTUAL PROPERTY

NEW DEVELOPMENT IN TRADE MARKS LAW:

The Internet:

- Trademark owners throughout the world are struggling with new issues presented by increased electronic communication, primarily that occurring through the Internet.
- The Internet derives from a network set up in the 1970s by the Department of Defense to connect military and research sites that could continue to communicate even in the event of nuclear attack.
- In the 1980s, the National Science Foundation expanded on the system, and its first significant users were government agencies and universities.
- In the early 1990s, however, it became apparent that the system could provide a global communication network, allowing people from all over the world to talk with each other; send written messages, pictures, and text to each other; and establish web pages to advertise their wares and provide information to their customers.

Assignment of Domain Names:

- A company's presence on the internet begins with its address or domain name not only serves as a locator for a company but also functions as a designation of origin and a symbol of goodwill---a trademark.
- There are two portions to a domain name: the generic top-level domain, which is the portion of the name to the right of a period (such as .gov or .com) and the secondary level domain, which is the portion of the name to the left of a period (such as "kraft" in Kraft.com").

- Disputes frequently arise between owners of registered mark and owners of domain names whose domain names similar or identical to the registered marks.

Internet Corporation for Assigned Names and Numbers [ICANN]:

- To help resolve the problems in the domain names registration and use process
- The government created the ICANN
- It is a nonprofit corporation
- It is governed by a board of directors elected in part by various members of the Internet community.
- ICANN are authorized to register domain names ending with .com, .org and .net
- Registrations usually last one year, at which time they can be removed or will expire.
- Registration requires a representation that the person seeing to register the name is not doing so far an unlawful purpose and does not know of any infringement
- ICANN recently added seven new top-level domains, including .biz and .info

PROTECTING A DOMAIN NAME:

- People register well-known marks as domain names to prey on consumer confusion by misusing the domain name to divert customers from the legitimate mark owner's site. This practice is commonly called cybersquatting.
- There are three approaches for against cybersquatter:
 - ✓ An action can be brought under the Federal Trademark dilution Act
 - ✓ A civil suit can be instituted under the recent Anticybersquatting consumer protection Act, or
 - ✓ An arbitration proceeding can be instituted through ICANN's disputes resolutions

process

- Cybersquatter and the dilution doctrine: Federal trademark dilution Act (15 U.S.C § 1125 (C))
- Cybersquatters and Anticybersquatting consumer protection Act (15 U.S.C § 1125 (d))
[ACPA: Anticybersquatting consumer Protection Act]
 - ✓ To prevail in a civil action under ACPA, a plaintiff must prove three things:
 1. The plaintiff's mark is a distinctive or famous mark deserving of protection
 2. The alleged cybersquatter's infringing domain name is identical to or confusingly similar to the plaintiff mark
 3. The cybersquatter registered the domain name in bad faith
- Resolving Disputes through the Uniform Domain Name Dispute Resolution Policy: [UDRP] 1999
 - ✓ The allegedly wrongful domain name is identical or confusingly similar to the complainant's trademark;
 - ✓ The domain name registrant has no legitimate interest in the domain name and
 - ✓ The domain name is being used in bad faith

NEW DEVELOPMENT IN COPYRIGHT LAW:

- While acknowledging that clothing is a useful article and thus not subject to copyright protection, a New York Federal court ruled that lace design, copyrighted as writing and incorporated into wedding dresses, were protectable and enjoined another maker of wedding dresses from making or marketing copies. Similarly, detailed embroideries or some other two-dimensional drawing or graphic work affixed to a portion of a garment may be copyrightable.
- A federal court in California recently held that while type fonts themselves are not protectable under copyright law, a software program that generated and created the typefaces was protectable.
- As soon as Stephen King sold his book *Riding the Bullet* exclusively in an Internet format, an individual cracked the copyright protection software and posted free copies of the book on the Internet. The publishers responded by adopting stronger encryption

technology. Similarly, in 2000, Mr. King suspended online publication of a serial novel because too many individuals were downloading the work without paying it.

- It late 1997 President Clinton signed into law the No Electronic Theft [NET] Act [amending 18 U.S.C §2319] to enhance criminal penalties for copyright infringement, even if the infringer does not profit from the transaction. The act also extends the statutes of limitations for criminal copyright infringement from three to five years, and allows law enforcement officers to use federal copyright law against online copyright violation, thereby extending the same copyright protection to the Internet that is provided to other media.
- In September 1999, the Clinton administration relaxed government restrictions on the export of encryption products and simultaneously introduced new legislation to give law enforcement agencies greater authority to combat the use of computers by terrorists and criminals and to create a new code cracking unit within the FBI [Foreign Bureau of Investigation] .
- In mid-2000, president Clinton signed the Electronic signatures in Global and National Commerce Act, making digital execution, called e-signatures, as legally binding as their paper counterparts.
- In 2000, federal prosecutors in Chicago indicted seventeen people who called themselves “Pirates with Attitude” for pirating thousands of software program. The case was brought under the NET Act. Some of the individuals were former employees of Intel and Microsoft.
- The copyright office has recommended that congress amend section 110 of the copyright Act to grant educators the right to transmit copyrighted works for distance learning if certain conditions are met.

NEW DEVELOPMENT IN PATENT LAW:

The patent Act has proven remarkably flexible in accommodating changes and development in technology. Thus advisement in technology generally has not necessitated

changes in the state governing patent protection.

Business method and software patent:

Many of the cutting-edge issues in patent law related to patents for computer software. For several years, the conventional wisdom has been that unless a computer program had significant commercial value and application patent protection was often counterproductive or ineffective in that the PTO often took two years to issue a patent, roughly the same time it took for the software program to become absolute.

Biotechnology patent:

Medicines, Science, agricultural and pharmacology present the other cutting-edge issues in patent law. Research into genes may hold the key to curing disease throughout the world. Agricultural research may hold the key to providing sufficient food for the world's ever-increasing population.

The development of strains of plants and crops that are resistant to drought and disease has also led to an increasing number of patents issued, and attendant litigation. In the field of "agbiotech".

American Investors Protection Act of 1999 [AIPA]:

The AIPA was signed into law in 1999 and represents the most significant changes to patent law in twenty years. Although some of the provisions of AIPA have been discussed earlier, its key subtitles are as follows:

- Inventors' Right Act of 1999
- The First Inventor Defense Act of 1999
- The patent term guarantee act of 1999
- The domestic publication of Foreign filed patent application act of 1999
- The optional Inter parts reexamination procedure Act of 1999

Introduction of International Patent protection:

The rights granted by a U.S Patent extend only throughout the U.S and have no effect in a foreign country. Therefore, an inventor who desires patent protection in other countries must apply for a patent in each of the other countries or in regional patent office.

- The Paris convention (already it is in previous units)
- The European patent organization
- Agreement on Trade-Related Aspects of IPR (already it is in previous units)
- The patent Law Treaty
- Foreign Filling Licenses
- Applications for United States Patents by Foreign applicants

The European patent organization:

The European Patent Organization (EPO) was founded in 1973 to provide a uniform patent system in Europe. A European patent can be obtained by filing a single application with the EPO headquartered in Munich (or its subbranches in The Hague or Berlin or with the national offices in the contracting nations). Once granted, the patent is valid in any of the EPO countries designated in the application and has the same force as patent granted in any one of the contracting nations.

INTELLECTUAL PROPERTY AUDITS:

Many companies believe that copyright extends only to important literary works and therefore fail to secure protection for their marketing brochures or other written materials. Similarly, companies often fail to implement measures to ensure valuable trade secrets maintain their protectability. Because clients are often unaware of the great potential and value of this property, law firms often offer their clients an intellectual property audit to uncover a company's protectable intellectual property. The IP audit is analogous to the accounting audit most companies conduct on an annual basis to review their financial status.

Another type of IP investigation is usually conducted when a company acquires another entity. At that time, a thorough investigation should be conducted of the intellectual property of the target company to ensure the acquiring company will obtain the benefits of what it is paying for and

will not inherit infringement suits and other problems stemming from the targets' failure to protect its IP. This type of IP investigation is generally called a **due diligence** review inasmuch as the acquiring company and its counsel have an obligation to duly and diligently investigate the target's assets.

Conducting the Audit:

- The first step in the audit should be a face-to-face meeting of the legal team and company managers.
- The legal team should make a brief presentation on what Intellectual Property is, why it is important to the company, and why and how the audit will be conducted.
- Managers will be more likely to cooperate if they fully understand the importance of the audit.
- Obtaining this kind of “buyin” from the clients managers and employees will speed the audit and reduce costs.
- Moreover, education about the importance of intellectual property helps ensure that managers consider ways to further protect a company's valuable assets and remain alert to possible infringements of the company's Intellectual capital or infringements by the computer of other's right.
- Finally, having, outside counsel involved in the process will ensure that communications related to the audit are protected by the attorney-client privilege.
- Once the company's managers have been advised of the need for the audit, the legal team should provide a work-sheet or questionnaire to the company specifying the type of information that the firm is looking for so that company files can be reviewed and materials assembled for inspection by the firm and its representatives.

INTERNATIONAL OVERVIEW ON INTELLECTUAL PROPERTY

Introduction : International intellectual property law is a patchwork area of intersecting multilateral and bilateral agreements and their resulting harmonization of national laws. It has become an increasingly important and frequently litigated area, particularly in the patent, copyright, and trademark arenas. In addition, in the past few decades, there have been louder calls for the protection of domain names, databases, software, and traditional knowledge. Many of these cutting edge intellectual property issues are addressed on an international level through the World Intellectual Property Organization (WIPO). Along with new forms of protection, the trend towards globalization in the trade arena has had a direct effect on the harmonization of national intellectual property laws through the World Trade Organization (WTO) and regional trade organizations. With increased interest in international intellectual property law, there are now numerous high quality electronic resources that cover various facets of this ever-changing area..

International Trademark Law : Vicenç Feliú, International Trademark Law - The Madrid System(http://www.nyulawglobal.org/globalex/International_Trademark_Law.htm) provides a brief look at the practical aspects of the Madrid Protocol and includes a selective bibliography. International Center for Trade and Sustainable Development (ICTSD) and United Nations Conference on Trade and Development (UNCTAD), IPRsonline.org, General Resources on IPRs (<http://www.iprsonline.org/resources/iprs.htm>) includes online reports, articles, and web sites from 1989. It also subject indexing to limit searches to narrower topics, including traditional knowledge, biodiversity, and human rights.

International Patent Law

Foreign and International Patent Law Research Guide (<http://lawlibraryguides.bu.edu/content.php?pid=173684&sid=1686142>) from Boston University covers many of the major sources of print and electronic materials on international patent law. The print recommendations can be supplemented with a search of your local library's catalog. Introduction to International/Comparative Patent Law (<http://libguides.wmitchell.edu/IntPatentLaw>) - is quite unassuming because the introductory page is quite brief. Don't miss the tabs in green across the middle of the page because that is where the content is. This site covers primary and secondary sources as well as specific Lexis and Westlaw databases applicable to the area.

International Copyright Law

Compleat World Copyright web site (<http://www.compilerpress.ca/CW/index.htm>) organizes articles on the web by major copyright scholars by author, country, institute, and journal. University of Iowa College of Law

Library, Foreign, Comparative, and International Copyright Materials, (<http://libguides.law.uiowa.edu/content.php?pid=255321&sid=2108125>) is an excellent guide with links to not only treaties and print sources, but also relevant specialized journals.

International Development in trade secrets law:

International Perspective for Legal Protection of Trade Secrets.

(A) The Indian Prospective “Intellectual Property Laws” is a diverse field for protecting the intangible assets. It is fully emphasized in the R&D, company’s having secret informations, manufacturing and service units and in trade related issues. The IPR laws are quite well laid out and are in practice in developed countries like in West European.

Countries, United States, Japan, Canada, and Australia etc. However, in a developing country like India, there is somewhat lack of awareness about the IPR’s and their consequential effects in the economic and business sectors. Except for law of contract, there is no specific law in India that protects trade secrets and confidential information . Nevertheless, Indian courts have upheld the trade secret protection under law of contracts on basis of principles of equity, and at times, upon a common law action of breach of confidence, which in effect amounts to a breach of contractual obligation. Trade secret in the Indian perspective seems to be below satisfactory level, as there is no full-fledged enactment of framework for the protection of trade secrets. This form of intellectual property is a new entrant in India, but is nevertheless a very important field of IP. India has not had much experience in relation to trade secret matters and the courts while determining a case, would have a diverse array of persuasive value precedents from all systems of law. There is need of a dedicated legislation, which would concretize trade secret protection in India. Trade secrets are fast becoming intellectual property of choice for many corporate bodies, SME’s and R&D labs and therefore an effective legislative intervention for it is felt even more expedient.

Some Important Court Cases

- (i) Ciba Inc Vs. Sequent Scientific Ltd. The importance of clearly defining the ‘confidential information’ in a confidentiality agreement was discussed in a recent interim relief sought by M/s Ciba Inc against M/s Sequent Scientific Ltd. and Others. The matter in question involved a process of manufacture of a compound called as Tetrakis commonly known as PEPQ . Ciba claimed that the said process was unique and had been developed in-house by Ciba, except for certain information that was available publicly. According to Ciba, the only other manufacturer of PEPQ in the world was Clariant Group. The process was disclosed by Ciba to Plasma Laboratories, now known as Sequent Scientific Ltd., under a ‘confidentiality agreement’ in order to help it to develop a plant for the manufacture of PEPQ. Ciba claimed that the ‘confidentiality agreement’ provided for the non disclosure of any ‘confidential information’ received by Sequent from Ciba to any third party except with the prior approval of Ciba.

Hence, on coming to know of Sequent transferring its entire undertaking along with all agreements and contracts to a third party without informing Ciba, Ciba filed a suit against Sequent for the breach of the 'confidentiality agreement'. Later, during the hearing of the interim relief, Sequent submitted that the definition, period of and extent of maintaining the 'confidential information' was not provided in the confidentiality agreement. In light of this, High Court of Bombay held (on 29.09.09) that Ciba had to clearly spell out the confidentiality agreement in order to determine the breach and violation of its 'confidential information', in absence of which, relief could not be provided to Ciba.

Coca Cola Vs. Gujarat Bottling Co Ltd

M/s Coca Cola entered into an agreement with M/s Gujarat Bottling Co Ltd. whereby Coca Cola granted to Gujarat Bottling Co Ltd a license to use the trademarks mentioned in the schedule to the agreement with Coca Cola [15]. The Agreement contained a negative covenant by means of which Gujarat Bottling Co Ltd could not manufacture, bottle, sell, deal in or otherwise be concerned with the products, beverages of any other brands or trademarks during the subsistence of the agreement with Coca Cola. But shares of Gujarat Bottling Co Ltd were later on sold to a closely associated subsidiary of Pepsi, which later gave a notice to Coca Cola for cancellation of the agreement. Coca Cola filed a suit (Suit No. 400 of 1995) in the Bombay High Court seeking various reliefs. In the said suit, Coca Cola took out Notice of Motion No. 316 of 1995 seeking interim relief. The Court laid down that it was difficult to appreciate how Pepsi could ask Coca Cola to part with its trade secrets to its business rival by supplying the essence/syrup etc., for which Coca Cola holds the trademarks, to Gujarat Bottling Co Ltd which is under effective control of Pepsi. Following was observed by Supreme Court in this case.

'There is a growing trend to regulate distribution of goods and services through franchise agreements providing for grant of franchise by the franchisor on certain terms and conditions to the franchisee . In such agreements, a condition is often incorporated that the franchisee shall not deal with competing goods. Also stated there in is a condition restricting the right of the franchisee to deal with competing goods for facilitating the distribution of the goods of the franchisor and it cannot be regarded as to result in restraint of trade. Although the Court had refrained from entering into the question whether reasonable restraint is outside the purview of Section 27 of the Contract Act, the appeals, therefore, fail and are accordingly dismissed''.

(B) United State of America (USA)

i) North American Free Trade Agreement (NAFTA) The North American Free Trade Agreement (NAFTA) is an agreement signed by the government of the member countries such as Canada, Mexico and United States, creating a trilateral trade bloc in North America. Member countries have agreed on

the issue of protection and they follow the steps to ensure that member countries will protect trade secrets from unauthorized acquisition, disclosure or use. Remedies must include injunctive relief and damages. In response to NAFTA, Mexico amended its 1991 Trade Secrets Law to permit private litigants to obtain injunctive relief. The agreement came into force on January 1, 1994.

(ii) **General Agreement on Tariffs and Trade (GATT)** On April 15, 1994, the major industrialized nations of the world, including the United States, concluded the Final Act resulting from the Uruguay Round of GATT (General Agreement on Tariffs and Trade). GATT was established by the World Trade Organization (WTO) who also promulgated Trade-Related Aspects of Intellectual Properties (TRIPs) Agreement. Under GATT, "undisclosed information" must be protected against use by others if without the consent of the owner in case the use is contrary to honest commercial practices. Also, there is third-party liability for misappropriation if third parties knew or were grossly negligent in not knowing that such information had been obtained dishonestly.

(ii) **Uniform Trade Secrets Act (UTSA)** In the US, the Uniform Trade Secrets Act (UTSA) as amended in 1985, provides a widely accepted definition of a trade secret: information, including a formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition to the UTSA, whose adoption is voluntary with each of the States, the US Congress enacted a national Act to recognize certain forms of trade secret thefts as "criminal". The Economic Espionage Act of 1996 makes illegal the misappropriation, copying or unauthorized possession of trade secrets. United States uses the different Pattern called 6- factor test for trade secrets determination by which it can be determined whether the said information is trade secret or not. It is described in Fig.2 below- If answer to first two queries below is 'NO' and sufficiently HIGH to remaining 4 queries, the information is a trade secret.

The 6 tier test for ascertaining if an information qualifies to be a 'trade secret.

Factors to determine if an information is a Trade Secret?

- ✓ Is it known outside the company?
- ✓ Is it widely known by employees and others involved within the company?
- ✓ Have measures been taken to guard its secrecy?
- ✓ What is the value of the information for your company?
- ✓ How much effort/money was spent in developing it?
- ✓ How difficult would it be for others to acquire, collect or duplicate it?

(C) United Kingdom

In the UK, a trade secret is some specific information known to only a few people, the disclosure of which to others would constitute a breach of confidence. The law that protects other kinds of confidential information from disclosure (Law of Confidentiality) also protects trade secrets in the UK.

(D) Brazil

In 1996, Brazil renovated its Intellectual Property Laws. Trade secrets are protected under the rubric of "Unfair Competition." Borrowing from U.S. law, a variant of the Section 757, it also considered the United States 6-factor test to determine whether a piece of information qualifies as a trade secret, Common knowledge, prevalent information in the public domain, or knowledge that is apparent/ oblivious to an expert in the field cannot qualify for protection under trade secrets. The trade secret owner must take positive steps to safeguard the secrecy of the information.

(E) **Japan** Effective since June 15, 1991, Japan enacted a national trade secrets law. On the basis of this law, any "technical or business information" that has commercial value, which is not in the public domain, and which has been "administered" as a trade secret, will be protected for the purpose. Infringement occurs when a person procures a trade secret by theft, fraud, or extortion or when there is an Unauthorized use or disclosure of a lawfully acquired trade secret for unfair competition. An injured party may obtain injunctive relief and damages . The trade secret owner may also request destruction of all articles that have been manufactured as a result of the illegally obtained trade secret. In the Uniform Trade Secrets Act, statute has similarities for the same purpose. For example, there is a 3-year statute of limitations after discovery of the trade secret violation. There are no criminal penalties in the statute.

(F) **China** The Law of the People's Republic of China (PRC) against Unfair Competition (Unfair Competition Law) was promulgated by the State Council in September 1993 and became effective on

December 1, 1993. This is China's first trade secret law. The term "trade secrets" is defined for the technical information and management information that is undisclosed to the public, can bring economic benefits, is of practical value, and for which the rightful party has adopted measures to maintain its confidentiality. Article 10 of The Unfair Competition Law prohibits business operations from engaging in certain acts and the law also

(G) **Korea** In 1991, Korea also amended its laws to provide statutory protection for trade secrets. This law, effective since December 15, 1992, was enacted during US litigation between GE and a Korean firm that had acquired GE trade secrets from a former GE employee.