

## **Intellectual Property Scopes & Challenges**

### **The Author**

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Intellectual Property can mean the difference between success and failure in business today. Companies need to be aware of the legal implications at each stage of the Intellectual Property life cycle. The evolving nature of Intellectual Property laws and the growing need for companies to have IP management programs and policies are elucidated.

In today's dynamic and competitive business environment, Intellectual Property (IP) rights are key elements needed to maintain a competitive edge in the market. Intellectual property is a business asset, an integral part of the business process. Effective acquisition, management, and protection of intellectual property can mean the difference between success and failure in businesses today.

Legal issues arise at each of the four stages of the Intellectual Property life cycle: (1) creating the intellectual property; (2) protecting the intellectual property; (3) utilising the intellectual property; and (4) enforcing the intellectual property. The differing regulation by countries

complicates these issues, supporting the trend towards the establishment of global standardization of intellectual property laws. Additionally, the development of new areas within intellectual property tests the flexibility of old rules, necessitating new ones.

A company, in order to protect its intellectual property and ensure that it does not infringe upon another's, must be aware of all of these legal issues. The potential value in actively acquiring, assessing and protecting IP interests in terms of attracting outside investors, establishing your company's leadership position in a field, and/or obtaining a possible stream of licensing revenue is often overlooked or underestimated. Unfortunately, far too frequently, the merit in formulating solid IP management programs and policies is not apparent until a company finds itself embroiled in lengthy and extremely costly litigation.

### Creating Intellectual Property

Gone are the days of individual efforts like that of Watson, Bell, and Edison. Nowadays it is rare that individuals create intellectual property alone. Today, although individuals contribute to the creation of intellectual property, it is a collective endeavour that often involves huge R & D investment funded by corporations. In order to protect their R&D investment, companies need to ensure that the company owns any and

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all work created by their employees and independent contractors. Only then can the company take full and complete licenses in capitalizing on such intellectual property.

Companies can be proactive in protecting their investment in intellectual property. To accomplish this, it is critical that companies understand the regulations of what can be protected and how within their respective countries. Companies must obtain signed, legally binding agreements with all employees and outside consultants, assigning any and all such IP rights to the company. In the absence of such understandings and agreements, companies jeopardize their ownership of valuable intellectual property.

Employees and outside consultants should be required to sign confidentiality/technology agreements as part of their hiring process. These agreements are typically comprised of one or more of the following: (1) the assignment to the company of any trademarks, copyrights, or patentable inventions that the employee develops or is involved in developing during the course of his or her job; (2) non-disclosure provisions regarding confidential/trade secret information; and (3) a non-compete provision covering a period of time following the termination of employment. Additionally, companies need to ensure that former employees do not solicit the company's employees to leave the

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company, and that former employees protect the company's trade secrets after leaving the company. Since there are variations between nations, however, such clauses and covenants should be drafted and incorporated with proper legal advice to avoid having restrictive clauses and covenants being termed invalid or unenforceable by a court.

### Protecting Intellectual Property

After creation, the second stage involves deciding the countries in which one wishes to seek protection. This decision is focused on monetary consideration and thus, needs careful analysis. To make and implement this decision, a company must be aware of the different national intellectual property laws. Most of the legal issues in this stage can be clarified through professional counseling.

There currently exists some uniformity in the various national intellectual property laws in this regard. For example, in patent law, there is consensus as to the conditions for patentability, novelty, loss of right to patent, what is a non-obvious subject matter, etc. There are, however, also differences. For example, the length and scope of protection term, and differences as to what is patentable.

### Utilising and exploiting Intellectual Property

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The third stage, utilising and strategically exploiting the company's intellectual property, may involve licensing arrangements. These arrangements can subsequently lead to antitrust actions, which are potentially very severe. Although both intellectual property and antitrust handling may share the common purpose of promoting innovation and enhancing consumer welfare, their methods are opposite. Intellectual property law grants monopolies to encourage advance in science and art, and is not dictated by price, while antitrust policy generally prohibits monopolies in order to enhance economic efficiency. Thus, intellectual property needs special antitrust handling.

The juxtaposition of antitrust and intellectual property continues to challenge courts and those who must live with their rulings. The ongoing development and change in this relationship heightens the challenges facing businesses. As a result of this very complex interplay, understanding the relationship between the two seemingly inconsistent policies is of vital importance to today's businesses.

### Enforcing Intellectual Property

The fourth stage, enforcing the intellectual property, is the most important stage in the lifeline of the intellectual property. This stage

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prevents others from unauthorized utilization and exploitation of your protected property. This last stage lasts for the duration of the protection.

Intellectual property may be misappropriated in many ways. Making and selling an unauthorized copy may infringe a copyrighted work, as with pirated computer software. A trademark may be infringed by selling a good with a counterfeit mark. A person can infringe a patent by manufacturing and selling a product that functions according to the patent's description. A trade secret may be misappropriated by removing it from the possession of its owner and making use of it on behalf of a competitor.

Enforcement may vary by national legislation. Although civil remedies that may provide compensation to wronged intellectual property rights holders are available, criminal sanctions may be available if warranted to ensure sufficient punishment and deterrence of wrongful activity. Deterrence is crucial, since violations of intellectual property rights often involve no loss of tangible assets and do not even require any direct contact with the rights holder. The rights holder often does not know it is a victim until a defendant's activities are specifically identified and investigated.

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Only if a company can successfully navigate the four stages of the Intellectual Property Life Cycle, can it hope to remain competitive amongst the companies that operate at the cutting edge of technology. Additionally, the scope and definition of intellectual property is constantly evolving with the inclusion of new areas under the gambit of intellectual property. In recent times, geographical indications, integrated circuits and undisclosed information have been brought under the umbrella of intellectual property protection. WTO, WIPO and other international bodies have recognized the need for global standards in intellectual property laws and are working towards ensuring the same by changes in national laws. Successful companies need to frame IP management programs and policies that will protect the existing intellectual property and help harness the creation of further intellectual property by being aware of current changing national laws and regulations and the trend towards standardization.

Indian companies are not excluded from this necessity. Indian users are still not conversant with the rules of the Patent Co-operation Treaty (PCT), of which India became a signatory only in 1998. This is a time when the international law on patents is set to be revised and made stricter. The World Intellectual Property Organization has circulated a draft of a new Patent Law Treaty (PLT) which is stricter than the PCT, with more provisions for deregulation and essential safeguards to restrict the

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grounds on which a patent can be challenged. The IT industry is lobbying for extending the scope of patents to software and business processes. There is already a need for tightening the copyright laws to include digital technology so as to enforce them on the Net. A global treaty for the protection of databases, which will bring databases under the protection of intellectual property, is being formulated.

Intellectual property-related laws cannot remain static in a world where economic development is becoming increasingly technology-based. Intellectual property laws are going to be more stringent and stricter in the days to come, offering more opportunities and challenges. Companies hoping to compete will need to be aware of the legal issues and policies relating to intellectual property in each country in which they will potentially claim intellectual property protection.