

Importance of Assignment Agreements under Intellectual Property Laws in India^{*}

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A well-established statutory, administrative and judicial framework exists in India to safeguard intellectual property, relating to patents, trademarks, copyright or industrial designs.¹ An important aspect of these laws deals with assignment agreements. An assignment agreement is an intellectual property (IP) transaction that deals with the ownership and disposition of intellectual property rights as well as with the control over the use of or access to intellectual property. This paper attempts to briefly explain assignment agreements in general terms as well as the essential requirements for assignment agreements under the Indian Contract Act, 1872, and the Indian Stamp Act, 1899. It discusses in detail the sections pertaining to assignment agreements in the legislations on Intellectual Property Law in India. It also provides information regarding the forms through which assignment of the intellectual property can be registered. The Madrid protocol and the rules regarding assignment of trademarks in the international forum have also been discussed.

Keywords: Assignment Agreement, Contract Act, copyrights, patents, trademark, geographical indications, designs, semiconductor integrated circuit layout design, plant varieties, biological resources, Stamp Act, recordal procedure

Assignment Agreements

Assignment agreements pertain to the transfer of intellectual property rights from the owner of the rights to another person or organization. An Intellectual Property Agreement (IP Agreement) or an Intellectual Property Assignment Agreement is a written and enforceable contract that consummates and formalizes an agreement between two companies for the purchase and sale of intellectual property rights. The intellectual property being purchased can consist of copyrights, trademarks and/or patents.² Assignment agreements differ from license agreements on the grounds that an assignment agreement actually transfers the ownership of that intellectual property from the assignor to the assignee whereas a license agreement only permits the licensee to use the intellectual property for a given period of time.

An assignment agreement cannot be compared to a negotiable instrument because in case of negotiation, the transferee can get better title than transferor, which can never happen in assignment/transfer.

For example, if A assigns to B, the assignment is stolen by C and assigned to D who takes it in good faith and for value without any notice of the defect in C's title, D will have no rights against A. However if A draws a cheque (negotiable instrument) in favour of B, the cheque is stolen by C and negotiated to D, who takes it in good faith and for value without any notice of the defect in C's title then D will be entitled to value of cheque.³

Intellectual property created by students in a University Research and Development (R&D) programme can be assigned by the student in the absence of an agreement as the student is the owner of the intellectual property created. Most universities, however, have policies requiring students to sign pre-invention agreements regarding the same.

An assignment agreement may involve a complete and exclusive sale of the rights, thus giving the assignee complete ownership to exploit the intellectual property rights in whatever way, shape, or form it likes, and this is, however, subject to any limitations listed in the agreement. Partial assignments are also possible as specified in Section 18 of the Indian Copyright Act. Usually the assignee will pay the assignor cash or stock consideration in exchange for these rights.⁴

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Essential Requirements of an Assignment Agreement

Requirements under the Indian Contract Act, 1872

As per Section 2(h) of the Indian Contract Act, 1872, any agreement that is legally enforceable by law can be called a contract. An assignment agreement to be valid must satisfy the requirements of the Indian Contract Act, 1872. Therefore, it has to be made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object and also has to be made in such a manner that it is not declared void under Section 10 of the Indian Contract Act, 1872. For instance in the case of *Alexander v Rayson*,⁵ P let a flat to R of \$1200 a year. To reduce the municipal tax he entered into two agreements with R. One, by which the rent was stated to be \$450 only and the other by which R agreed to pay \$750 for services in connection with the flat. In a suit filed against R to recover \$750, it was held that the agreement was made to defraud the municipal authority and was void and A cannot recover the money.

In contract law, the term 'assignment' means a transfer or making over to another of the whole of any property, real or personal, in possession or in action, or if in estate or in right therein.⁶ To simplify, it refers to an agreement by means of which the rights or obligations of one party can be transferred to another party. Though not specifically mentioned in the Indian Contract Act, 1872, assignments have been inherited from English Contract Law.⁷ Assignment agreements in the context of intellectual property law refers to the transfer of a specific kind of rights-intellectual property rights, which are personal, movable property. This is considered a lawful object.

To be a valid and legally enforceable contract it must be ensured that the consideration provided is also lawful and the contract itself is lawful. An agreement stating that a person would work for another person for two years in return for Rs 100 and in case of default would have to pay an exorbitant interest and principal at once was held to be indistinguishable from bonded labour and was thus held void.⁸ Assignment can only be made from free consent of both parties. The parties to the agreement must also be competent to contract- thus neither can be a minor or of unsound mind according to Section 11 and 12 of the Indian Contract Act, respectively. It is interesting to note at this point that as per English law, a minor can dispose of a copyright

in the same way as an adult subject to the rules of infant contracts.⁹

The Indian Contract Act, 1872 does contain certain provisions which indirectly refer to assignment yet it does not specify what assignments are or are not good in law.¹⁰ The courts have however made certain guidelines regarding the same. For instance, it has been determined by the Madras High Court that an agreement regarding the publishing of a book between an author and a publisher is personal to the individuals entering it and the benefit received from this cannot be assigned.¹¹ It has also been determined by the High Court of Lahore that a copyright cannot be assigned for a non-existing work.¹²

Both Section 37 and Section 40 of the Indian Contract Act, 1872 allude to the enforceability of assignments by laying down that subject to certain exceptions, a contract in the absence of a contrary intention, express or implied, will be enforceable by and against the parties and their legal heirs and legal representatives including assignees and transferees.¹³ Section 40 of the Indian Contract Act, 1872 specifies that a contract which the promisor is required to perform personally is not capable of assignment.¹⁴

Assignment agreements are thus a form of contract and must therefore satisfy the requirements that are mentioned under the Contract Act. It is only then that the assignment agreement can be enforced by filing a suit for damages under Section 73 of the Indian Contract Act, 1872.

Requirements under the Indian Stamp Act, 1899

The Stamp Act is a fiscal measure enacted to secure revenue for the state on certain classes of instruments.¹⁵ As per Section 2(14) of the Indian Stamp Act, 1899, an instrument includes every document by which any right or liability is, or purports to be, created, transferred, limited, extended extinguished or recorded. An assignment agreement involves the transfer of intellectual property rights and hence it would fall under the purview of the definition of the term 'instrument' as per the Act. As per the schedule, depending on whether the assignment pertains to 'conveyance', 'transfer' or 'transfer of lease' different stamp duty is to be charged. As per Section 23 on 'conveyance' in the Indian Stamp Act, 1899, an assignment of a Copyright is exempted from Stamp Duty. Therefore, in a Deed of Assignment, assigning copyright along with some other property, say trademarks, it is advisable to state as to what part of consideration is towards the assignment of

copyright, thereby exemption from stamp duty can be sought on that portion of the assignment.

In Bihar, however, the above-mentioned exemption of copyright assignments has been deleted by the Amendment made by the State Act with effect from 31st March 1958 as a result of the examination of exemptions suggested by the Taxation Enquiry Committee.¹⁶ In Uttar Pradesh, the exemption is restricted to assignment of copyright in musical works.¹⁷

In a recent case regarding trademarks,¹⁸ it was determined that Section 35 of the Indian Stamp Act, 1899 prohibited the courts from admitting into evidence documents not duly stamped merely to ensure Stamp duty collection and could not be used as a means of denying a person rightful ownership. Thus, it can be seen that though Stamp duty is applicable on assignment of intellectual property (except Copyright) in most States of India, the non-payment of this cannot invalidate the assignment.

Assignment of Intellectual Property

Assignment of Copyrights

Copyright is often referred to as the 'Cinderella of Intellectual Property Law'.¹⁹ This is because it was once over-shadowed by the twin sisters- Franchise Law and Patent Law but it now plays a very important role in the IP regime. It provides protection to authors, composers and other artists against unauthorized reproduction of their work.²⁰ The exact meaning of the term with respect to India is given in detail in Section 14 of the Copyright Act, 1957.

Copyrights are personal, moveable property and can be transferred though assignment agreements from one person to the other. In India, Sections 18, 19 and 19A of the Copyright Act, 1957 govern the assignment of copyrights. Section 18 of this Act gives every copyright holder the right to transfer his copyright to an assignee by means of an assignment agreement.

Section 19(1) of the Copyright Act, 1957 clearly states that no assignment of the copyright in any work shall be valid unless it is in writing signed by the assignor or by his duly authorized agent. Thus, no particular form of assignment is required under Section 19 of the Copyright Act, 1957 and it will suffice if the assignment can be culled out in writing from some document.²¹ Oral assignment of copyright is neither permissible nor valid.²² In a case,²³ the Supreme Court held that an existing and future right

of a music composer and lyricist is capable of assignment, subject to the conditions that the assignment shall take effect only when the work comes into existence and the assignment is required to be in writing, signed by the assignor or his duly authorized agent. A deed of assignment of copyright is not compulsorily registrable.²⁴

Section 19A of the Copyright Act, 1957 makes provisions in the case of disputes arising with respect to a transaction. It states that any such complaint will be dealt with by the Copyright Board. The Board cannot pass any order to revoke the assignment unless it is satisfied that the author is the assignor and that the terms of assignment are harsh to the assignor. In any event, no order of revocation of assignment can be made within a period of five years from the date of assignment.²⁵

The term copyright encompasses a bundle of rights, one of which is a 'moral right'. This constitutes certain specific rights that the author of an original literary, dramatic, musical or artistic work and the director of a film enjoy in their creation. It can only be exercised by the creator himself and these rights are not assignable as per English law.²⁰ The Law of the United States of America does not protect these rights conclusively.²⁶ Moral Rights of an author has been acknowledged under Section 57 of the Copyright Act, 1957. This states that even after the assignment of the copyright, the author of a work shall have the right to claim authorship of the work; and to restrain or claim damages in respect of any distortion or other act in relation to the said work which is done before the expiration of the term of copyright which brings the author into disrepute.²⁷

The primary function of copyright law is to protect the fruits of a man's work, labour, skill or test from annexation by other people.²⁸ This requires for the copyright owner to possess several rights including the right to transfer the intellectual property, if he chooses to do the same. Assignment agreements are integral to copyright law as it helps the copyright owner to implement this right.²⁹

Assignment of Patents

A patent is a monopoly right granted to a person who has invented a new and useful article or an improvement of an existing article or a new process of making an article. During the term of the patent, the patentee can prevent any other person from using the patented invention.³⁰ Patent law recognises the exclusive rights of the patentee to gain commercial

advantage out of his invention.³¹ In India, patent law is covered by the Patents Act, 1970 which has been extensively amended vide the Patents (Amendment) Act, 1999, Patents (Amendment) Act, 2002 and Patents (Amendment) Act, 2005.

Patent law gives every inventor a reason to exercise his creative faculties by protecting his efforts and ingenuity from imitation. It has been held by the Supreme Court of India that the object of patent law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility.³²

In patent law, assignment refers to the act of the patentee by which the patent rights are wholly or partially transferred to the assignee who acquires the right to prevent others from making, using or exercising or vending the invention. The assignment can either be exclusive or non exclusive. The exclusivity can be further limited, for example exclusivity to a territory or market or line of products. There are three main types of assignments in patents, each of which have been discussed briefly as follows:

Legal Assignments

An assignment of an existing deed is a legal assignment. A patent which is created by deed can only be assigned by a deed.³³ A legal assignee entitled to be registered as the proprietor of the patent and acquires all the rights thereof.

Equitable Assignments

A document agreeing to transfer a patent or a share of a patent with immediate effect is an equitable assignment. This affects proprietorship, but does not directly change it. The man to whom it is equitably assigned gets the right in equity to have the ownership of the patent altered in law.

Mortgages

A mortgage is a document through which patent rights are transferred to the assignee in return for a sum of money. Once the assignor repays the sum, the patent rights are restored to him.³⁰ The term assignee as per Section 2(1) of the Patents Act, 1970 includes in its meaning the legal representative of a deceased assignee. Section 70 of the Patents Act, 1970 confers *inter alia* the right on a grantee to or proprietor of the patent to fully or partially assign his patent to another or others. As per the Patents (Amendment) Act, 2005

which replaces Section 68 of the Patents Act, 1970 an assignment of a patent shall not be valid unless the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and duly executed.

Section 69 of the Patents Act, 1970 describes the registration of those assignments. It is necessary for the agreement between the parties concerned to be reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and the application for registration of such document ought to be filed in the prescribed manner with the Controller. The time-limit under the earlier law requiring 'the application for registration of such document filed in the prescribed manner with the Controller within six months from the date of execution of the document' has been omitted by the Patents (Amendment) Act 2005. Section 68 does not stipulate any time-limit for registration.³⁴

As per the Law of the United States, the applicant for a patent must always be an individual. A corporation or a partnership, or other legal entity cannot properly be an inventor in an American Patent.³⁵ The government can own an invention, however.³⁶ This was reiterated in the case of *Wright v US*.³⁷ A corporation may be made an assignee to a patent through an assignment agreement.

Patents are a very important branch of intellectual property, as life saving drugs and other essentials come within its sphere. Thus assignment agreements of such rights must be couched in clear and concise terms to ensure that no controversy arises as to its interpretation.

Assignment of Trademark

Consumers all over the world seek quality. Brand consciousness is a very common method of achieving this end. Trademarks are the means by which consumers distinguish between brands. A trademark is any word, name, symbol, device or any combination thereof used by a manufacturer or retailer of a product, in connection with that product, to help consumers identify that product and to distinguish it from the products of competitors.³⁸ For example, the LEVI v-shaped stitching on the back pocket Levi's blue jeans can be called a trademark.³⁹

The main purpose behind protecting trademarks is because it is of use both to the manufacturer and the consumer. For the merchant, the trademark serves as

an advertising tool, facilitating repeated sales and successful marketing of new products.⁴⁰ Trademarks foster competition and the maintenance of quality by securing to the producer the benefits of a good reputation.⁴¹

In India, trademarks are protected by the Trademarks Act, 1999. Assignment is an important aspect of the Act. As per the Section 2(1)(b) of the Trademarks Act, 1999, assignment has been described as an assignment in writing by act of the parties concerned. Thus, this clarifies that for the assignment of trademarks it is necessary for the agreement to be in writing and to be an act of the assignor and the assignee of their own volition and not a third party. In Section 2(1)(zc) of the above-mentioned Act, assignment has been differentiated from other forms of transmission. Section 6 of the Trademarks Act, 1999 allows for the notification of assignment of trademarks which have been registered. Section 31 of the same Act states that registration of trademark and notification of assignments will act as *prima facie* evidence of the existence of a trademark.

Chapter V of the Trademarks Act, 1999 deals in depth with the transfer of trademark by means of assignment and transmission. Section 37 of the Act clearly states that only the registered proprietor has the right to assign a trademark. He is also subject to the rights conferred to him by registration. Section 38 of the Trademarks Act, 1999 provides the assignment of a registered trademark. Trademarks in India can be assigned with or without goodwill. In a marked change from the previously valid Trade and Merchandise Mark Act, 1958, Section 39 of the Trademarks Act, 1999 provides the assignment of an unregistered trademark. These Sections are subject to Section 40 and Section 41 of the Trademarks Act, 1999.

Section 40 of the Trademarks Act, 1999, prevents the occurrence of a situation wherein exclusive right of a trademark resides in more than one person. This is because if assignments and transmission lead to the creation of multiple exclusive rights in more than one person this may lead to deception and confusion.⁴² The proprietor of a registered trademark who proposes to assign it may submit to the Registrar in the prescribed manner a statement of case setting out the circumstances and the Registrar may issue to him a certificate stating whether, having regard to the similarity of the goods or services and of the trademarks referred to in the case, the proposed

assignment would or would not be invalid under Section 40(1). The certificate is subject to appeal. It will also be conclusive as to the validity or invalidity under Section 40(1), of the assignment in so far as such validity or invalidity depends upon the facts set out in the case. A certificate in favour of complete validity of assignment/transmission can be given only if application for the registration is made under Section 45 of the Trademarks Act, 1999 of the title of the person becoming entitled is made within six months from the date on which the certificate is issued as per Section 40(1).

Section 41 of the Trademarks Act, 1999 prohibits the assignment of a trademark whether it be registered or unregistered which may result in different people using trademark in different parts of the country. If an assignor retains exclusive right over trademark even after the assignment agreement, then the assignment will be void as per Common Law.⁴³

Chapter V of the Trademarks Act, 1999 refers to the concept of 'goodwill' as previously mentioned, in Section 38, however the Act does not define the term. In *Churton v Dogules*,⁴⁴ it was determined that goodwill must mean every advantage that has been acquired by an old firm by carrying on its business, everything connected to the premises and the name of the firm, and everything connected or carrying with it the benefit of the business. There was a time when the law in UK considered goodwill to be inseparable from trademark.⁴⁵ This was subsequently changed.⁴⁶

Section 42 of the Indian Trademarks Act, 1999 further provides for means by which a sale of trademark not in connection with goodwill must occur. It has to be registered before the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow. Thus the assignee applies to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct.

Section 43 of the Trademarks Act, 1999 deals with certification trademarks, it states that the assignment of certified trademarks would not be possible without the consent of the registrar which was to be applied for in writing. Section 44 of the Trademarks Act, 1999 states that associated trademarks must be assigned or transmitted together and not separately. This provision is intended to ensure that the marks

associated under Section 16 of the Trademarks Act, 1999 are not assigned separately to different persons entailing confusion and deception as a result of simultaneous use of same or similar mark by a different person in respect of the same goods or description of goods or same services or description of services.⁴⁷ Section 45 of the Trademarks Act, 1999 discusses the registration of assignments or transmissions in detail. Thus the significance of assignment agreements in Trademark law is amply clear from its exhaustive treatment in the Trademarks Act, 1999.

Assignment of Geographical Indications

Geographical indications have been defined under Section 2(e) of the Geographical Indications of Goods (Registration and Protection) Act, 1999. It basically pertains to an indication that is used to identify agricultural, natural or manufactured goods originating from a specific geographical territory having a special quality or reputation.

Section 24 of the Geographical Indication of Goods Act, 1999 clearly indicates that assignment, transmission, licensing, pledge, mortgage or any such agreement is prohibited by law. Hence there is no way in which the right over a geographical indication can be passed to another person except on the death of the authorized user. In case of which the geographical indication shall devolve to his successor. This is mainly because a geographical indication is a public property belonging to the producers of the concerned goods which cannot be used to describe another good as it is indicative of the reputation and quality of another product.⁴⁸

Assignment of Designs

When we admire the sleekness of the cellular phone model or the cut of a formal shirt or even the shape of a new car, we are actually referring to its aesthetics or design. The object of the Designs Act, 2000 is to protect new or original designs so created to be applied or applicable to particular article to be manufactured by industrial process or means. It provides the creator of a design with the security that his aesthetic look will not be applied by others to their goods.⁴⁹

This effort can be protected from imitation by seeking protection under the Design Act, 2000. As per Section 2(d) of the Designs Act, 2000 'design' means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to

any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device. Section 11 of the of the Designs Act, 2000 clearly states that a copyright upon design can last for 10 years from date of registration and can be extended to a maximum of 15 years.

Section 30 of the Design Act, 2000 read with Rules 32, 33, 34 and 35 of the Design Rules, 2001, recognizes the contracts relating to assignment of designs and provides procedure for the recordal thereof. Section 30(1) of the Design Act, 2000 states that where a person becomes entitled by assignments, transmission or other operation of law to the copyright in a registered design he may make application in the prescribed form to the Controller⁵⁰ to register his title. Section 30(3) of the Design Act, 2000 makes it clear that for an assignment to be valid it must be in writing and the agreement between the parties concerned has to be reduced to the form of an instrument embodying all the terms and conditions governing their rights and obligation and the application for registration of title under such instrument is filed in the prescribed manner with the Controller within the stipulated time- that being within six months from the execution of the instrument. Section 30(4) of the Design Act, 2000 states that the absolute right to assign the design rights lie with the person registered as proprietor of the design.

The Copyright in the design is only protected if the same is statutorily recognized under the provisions of the Designs Act, 2000. Similarly, the rights acquired by third parties by way of assignments or licenses are only made effective if the same is duly registered in accordance with the provisions of the Act and the Rules framed there-under. There is no concept of common law license under design law.⁵¹

Assignment of the Semiconductor Integrated Circuits Layout Design

Semiconductor integrated circuit is an electronic circuit manufactured on the surface of semiconductor material.⁵² Integrated circuits are used in almost all electronic equipment in use today and have revolutionized the world of electronics. The sheer number of electronic appliances we use on an

everyday basis is a clear indication of how important semiconductor integrated circuits or chips are in the modern world.

The manner of arrangement or the lay-out of the chip is what enables it to perform a particular function. Thus there was a need to protect the investment of the chip-designer by way of a separate enactment.⁵³ This protection is to be provided by the means of the Semiconductor Integrated Circuits Layouts Design Act, 2000 in India. This was enacted in keeping with India's obligation under the TRIPS Agreement.⁵⁴

Assignment as per Section 2(b) of the Semiconductor Integrated Circuits Layout-Design Act, 2000 has been defined as 'an assignment in writing by act of the parties concerned'. Registration of the design as well as all subsequent assignments will act as *prima facie* evidence of the validity thereof as per Section 19 of the Act.

Chapter V of the Semiconductor Integrated Circuits Layouts Design Act, 2000 deals with Assignments and Transmissions. Section 20 of the Semiconductor Integrated Circuits Layouts Design Act, 2000 allows the proprietor of a layout-design the power to assign the layout-design, and to give effectual receipts for any consideration received for such assignment. This is subject to the provisions of the above-mentioned Act and to any right appearing from the register to be vested in any other person. Section 21 of the Semiconductor Integrated Circuits Layouts Design Act, 2000 makes a registered layout-design assignable and transmissible with or without the goodwill of the business concerned. As per Section 22 of the Semiconductor Integrated Circuits Layouts Design Act, 2000, when an integrated circuit layout is assigned without goodwill then the assignment shall not take effect unless the assignee, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow, apply to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct. Section 23 of the Semiconductor Integrated Circuits Layouts Design Act, 2000, states that the assignee must register the title with the registrar. Section 24 of the Semiconductor Integrated Circuits Layouts Design Act, 2000 prevents the assignee from using the registration as proof of title if the matter is still

before the registrar or an appeal from an order there-from is pending.

Assignment of Plant Varieties

A need was felt in the latter half of the 20th century to provide for the establishment of an effective system for the protection of plant varieties, farmer's rights and plant breeders, in order to encourage the development of new varieties of plants.⁵³ The Protection of Plant Varieties and Farmer's Rights Act, 2001 was enacted by India under the obligation created by the TRIPS Agreement it had ratified in 1994.⁵⁵ India through the Protection of Plant Varieties and Farmer's Rights Act, 2001 implemented a *sui generis*⁵⁶ system of protection.⁵⁷ It is essentially [but loosely] modelled on the Union for the Protection of new Varieties of Plants, 1978.⁵³

Assignment agreements are permissible under the Plant Varieties and Farmers Rights Act, 2001. A plant breeder may through an assignment agreement transfer his right of ownership upon the plant strain he created to another person in return for pecuniary gain. Section 16(1)(c) of the Plant Varieties and Farmers Rights Act, 2001 acknowledges the legal validity of assignment agreements by stating that any person being the assignee of the breeder of the variety in respect of the rights to make such application, can apply for registration under Section 14(a) of such genera and species as specified under Section 29(2) or an extant variety or a farmers' variety.

The Plant Varieties and Farmers Rights Act, 2001 provides some safeguards to ascertain the legitimacy of the assignment in the form of Section 18(3). The Section states that in case an application for registration is made by virtue of an assignment of the right to apply for registration, there shall be furnished at the time of making application, or within such period after making the application as may be prescribed, a proof of the rights to make the application. Thus the validity of the transfer of the intellectual property is gauged at the time of registration itself.

Assignment of Biological Resources

The Biological Diversity Act, 2002 was created in a bid to conserve, use sustainably and equitably distribute benefits accruing from use of biological resources and the traditional and contemporary knowledge associated therewith.⁵⁸ It prevents anyone claiming an intellectual property right (IPR), such as a patent, over biodiversity or related knowledge,

without permission of the Indian Government. It contains measures for sharing of benefits from the use of biodiversity, including transfer of technology, monetary returns; joint R&D and joint IPR ownership.⁵⁹

Section 4 of the Biological Diversity Act, 2002 states that the previous approval of the National Biodiversity Authority is necessary to transfer the results of any research relating to any biological resources occurring in, or obtained from, India for monetary consideration or otherwise to any person who is not a citizen of India, or is a non-resident⁶⁰ or a body corporate or organization which is not registered or incorporated in India or which has any non-Indian participation in its share capital or management. Collaborative research efforts and papers for the dissemination of knowledge are made exceptions to this definition of transfer.⁶¹

There is no specific provision in the Biological Diversity Act, 2002, dealing with Assignment Agreement. Assignment is also a form of transfer which under specific circumstances is permitted. It can be inferred that assignment agreements are not *per se* prohibited by the Biological Diversity Act, 2002 provided the assignment does not contravene any other rules of the Act.

Recordal Procedure with respect to Transfer of Trademark under Madrid System

Recordal or recordation⁶² refers to the process or action of recording of any transfer.⁶³ The term came to the fore in the international forum with respect to trademarks after the advent of the Madrid Agreement. The Madrid Agreement was signed in 1891, yet it was only after the creation of the Madrid Protocol in 2004 that the concept of international registration became plausible. The Madrid Agreement and the Madrid Protocol jointly form the Madrid System that provides a centrally administered system of obtaining a bundle of single jurisdiction trademark registrations based on an 'international registration', and therefore provides a mechanism for obtaining trademark protection in many countries around the world.⁶⁴

The Madrid System amongst other innovations suggested that the recordal of assignment agreements in an international register. India is in process of making amendments to its trademark law regime to streamline its trademark law and to make it consistent with evolving international trademark law regime and is also contemplating accession to the Madrid System.

The applicant for an international registration is required to file only one application, pay one fee in local currency, and is not required at least initially, to submit foreign powers of attorney. Renewals, assignment recordals, changes of name and/or address of an international registration may be effected by filing one document with the International Bureau.⁶⁵

The Trademarks (Amendment) Bill, 2007 incorporates the changes necessitated by the Madrid Protocol.⁶⁶ Section 36F of this Bill states that from the date of the international registration of a trademark where India has been designated or the date of the recordal in the register of the International Bureau about the extension of the protection resulting from an international registration of a trademark to India, the protection of the trademark in India shall be the same as if the trademark had been registered in India. The bill is yet to be presented before the Lok Sabha and has no legal binding-ness as of now. However, there is a lot to suggest that the recordal system put forth by the Madrid Protocol will be implemented in India in the near future, thus the process for recordal of change of ownership [including assignment] has been analysed as follows:

Rule 25 of the Common regulations of the Madrid Agreement and Protocol explains the means by which transfer of ownership can take place.⁶⁷ First of all, a request for change in ownership through request for recording shall be presented to the International Bureau on the relevant official form, in one copy, where the request relates to a change in the ownership of the international registration [including assignment] in respect of all or some of the goods and services and all or some of the designated Contracting Parties. The request for the recording of a change in ownership may be presented through the Office of the Contracting Party, or of one of the Contracting Parties, this must comply with conditions of Article 2 of the Madrid Protocol⁶⁸ as Section 2(a)(iv) of rule 25 reiterates. The contents of the request must include the number of registration, the name of the holder, the name of the new holder their addresses and other specifications given in Rule 25 Section 2 of the Common Regulations of Madrid Protocol.⁶⁷

As per Article 9 of the Madrid Protocol, the International Bureau shall record in the International Register any change in the ownership of that registration, in respect of all or some of the contracting parties in whose territories the said registration has effect and in respect of all or some of

the goods and services listed in the registration, provided that the new holder is a person who, under Article 2(1), is entitled to file international applications.

Article 9*sexies* (1) also states that where, with regard to a given international application or a given international registration, the Office of origin is the Office of a State that is party to both this Protocol and the Madrid (Stockholm) Agreement, the provisions of this Protocol shall have no effect in the territory of any other State that is also party to both this Protocol and the Madrid (Stockholm) Agreement.

Conclusion

Assignment agreements are of considerable importance in IPR since they allow the intellectual property owners to transfer their intellectual property for commercial returns, ensuring that the intellectual property can be used for monetary gain. Intellectual property that is created is utilized and exploited by the Assignment Agreement, where the purchaser or assignee takes benefit of the assignment rights that are created. These assignment agreements give rise to legal and equitable rights in law and purport many issues if they are not carefully constructed as required by law.

Issues relating to ownership of IPR must be carefully considered where employees may be creating IPR outside the scope, time and available resources of the company that they work for. Companies who own valuable IP rights should execute non-disclosure agreements with their employees, agents, or other third parties and make sure to define the term 'confidentiality' and the obligations of the parties not to disclose it. It is prudent to include Assignment Agreement clauses which address issues relating to governing law, jurisdiction, Alternative Dispute Resolution [ADR] to seek speedy resolution of disputes. Intellectual Property Assignment Agreement is a legal contract and required to be in compliance with existing Laws.

It is important, in the field of intellectual property, to define transparent criteria for terms and conditions under which the institution/organization would be the owner of the IPRs and the situation in which the inventor or creator would have the right or privilege to be the owners of the IPRs that they created.⁶⁹ The enforceability of assignment agreements act as an incentive to these individuals to create new inventions which ultimately benefits society.

It is also essential to define the ownership of created intellectual property with relation to employer-employee agreements and contract for service to encourage innovation.

IPR legislations in India provide specific rules, regulations and procedure when dealing with assignment agreements. The Rules/Acts make provisions for registering the assignment agreements and their respective schedules also provide for forms through which parties can register their assignment agreements. In order for an assignment agreement to be valid and enforceable it is essential that the assignment agreement be recorded as prescribed by the Acts and relevant Rules.

In addition to abiding by the Rules, to avoid ambiguity it is essential to ensure that the agreement clearly defines which person the ownership rests with. The assignment must be concrete and also clarify the tenure for which the individual would be the owner of the intellectual property. This would provide a precaution in case of a potential dispute on the ownership of the intellectual property.

The position of an Assignment Agreement in the intellectual property law of India is one of great consequence despite being a private transaction between the assignor and the assignee. One of the reasons for this is that the law is required to protect the owner of the intellectual property from being defrauded. It must be noted, however, that though the law does provide certain safeguards, the onus of creating a suitable assignment agreement is upon the parties concerned. A valid assignment agreement and one that benefits all parties involved can only come into being if the fundamental issues, some of which have been discussed above, are addressed.

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