CHAPTER-IV

LAW RELATING TO LICENSING AND ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHT

The owner of the property has the right to exploit his property in the way one deems fit as per one's requirement. One of the attribute of the ownership right in property be it intellectual property or physical property, is the right to transfer it to other. There are different modes by which the owner can exploit his property and have a reward upon the same, these different ways includes, transfer by assignment, transfer by operation of law, licence, etc. In this chapter, the different modes of the exploitation of the intellectual work of the owner have been discussed. In India there are different statutes for licensing and assigning the intellectual property, these statutes give the procedure to be followed for exploiting the intellectual property right while assigning or licensing the same. Broadly speaking, the assigning or licensing the intellectual property the rights can be divided in the following headings:-

1. Procedure for Licensing and Assignment of the Copyright.
2. Procedure for Licensing and Assignment of the Patents.
3. Procedure for Licensing and Assignment of the Trademark.

4.1 Procedure for Licensing and Assignment of the Copyright

According to the Berne Convention, there are two types of rights under Copyright i.e., moral rights and economic rights.

4.1-1 Moral Rights

These are the rights which maintain a personal link between authors and their works. They include the right:-¹

¹ World Intellectual Property Organization, Learn from the Past, Create the Feature the Arts and Copyright (2007) at 25-27.
i) to be recognized as the author of a work (right of paternity). This means that authors can choose to sign their names, to not sign their names (remain anonymous), or to sign a fictional name (use a pseudonym) on their works.

ii) to object to any changes to the work, which could damage the author's honor or reputation (right of integrity).

4.1-2 Economic Rights

The authors have the following exclusive right:-

i) to reproduce the work. This includes any form of copying such as photocopying, downloading, uploading, printing, recording, photographing, scanning, etc.

ii) to translate the work into other languages.

iii) to adapt the work. This alteration or transformation usually changes the type of work i.e., making a novel into a movie, or animating a drawing into a cartoon. Character merchandising (using the name or image of a fictional character to sell products such as toys, t-shirts, etc.) may also involve a form of adaptation.

iv) to exhibit/perform the work in public i.e., displaying photos in an art gallery, performing a play in front of an audience, or playing a CD in a store or restaurant.

v) to distribute the work by selling copies to the public.

vi) to broadcast the work, by playing a song over the radio or showing a film on TV.

vii) to communicate the work to the public, by uploading a work onto the Internet.

In short no copyrighted work can be reproduced, translated, adapted, exhibited or performed in public, distributed, broadcast or communicated to the public without the permission of its author. This is what is meant by the phrase all rights reserved found in many works.

Authors may decide to sell the economic rights to their works. By selling their rights, authors can concentrate on creating new works while other people take care of the reproduction, translation, adaptation and distribution of their old works. Those who buy the economic rights of authors are also called right...
holders. Moral rights are independent of economic rights and always remain with the author, even when the economic rights are sold. Authors who sell the economic rights to their works receive payments called royalties. The person who is the owner of the copyright work may either exploit himself through different ways or he can transfer it either in full or in part to others through different ways viz., assignment or licence for a limited term. While assignment is transfer of ownership in rights to assignee, a licence is a permission to do something in respect of work.\(^2\) There are two ways of selling economic rights these are:-

a) Assignments, and
b) Licenses.

a) **Assignment of the Copyright**

The term 'assignment' means the transfer of right or property. An assignment is a transfer or setting over of property, or of some right or interest therein, from one person to another; the term denoting not only the act of transfer, but also the instrument by which it is affected.\(^3\) Assignment is a way of transferring one or more of the author's economic rights so that the person who buys the rights becomes the new owner of the copyright. The owner of the copyright of work has the right to assign copyright to any person. The person who assigns the copyright is called assignor and the person whom rights are assigned is called assignee. The effect of assignment is that the assignee becomes entitled to all rights related to copyright of the assigned work. However, mere grant of right to publish and sell the work reserving copyright amounts to publishing right and not assignment of copyright.\(^4\) The owner of the copyright may assign the copyright to another person either wholly or partially and either for the whole term of the copyright or any part of it. The owner may place legitimate restrictions on the use of copyright while assigning it to another person. Assignment is a contract between the owner and assignee.

The assignment of the copyright may be for whole of the rights or for only a part thereof. A valid assignment of the copyright in any work can be made only

---

4. [Supra note 2.](#)
An oral assignment of the copyright is not valid under the Copyright Act, 1957. An assignment is a contract entered into between two parties. There is no special form and no particular words required to constitute an assignment. As per Section 19(1) of the Act, an assignment should be in writing and should be signed by the assignor or his duly authorized agent. An assignment deed should specify the following particulars regarding the work assigned:

- i) the identification of the work assigned,
- ii) it should specify the rights assigned,
- iii) the duration of the assignment,
- iv) the territorial extent of such assignment,
- v) it should specify the amount of royalty payable, and
- vi) the assignment shall be subject to revision, extension or termination on terms mutually agreed upon by the parties.

The assignment should contain the identity of the work assigned and should specify the rights assigned, the territorial extent and period of such assignment. If the period of assignment is not mentioned it shall be deemed to be 5 years. If the territory for the assignment is not specified it shall be presumed to extend it to whole of India. It shall also specify the amount of royalty to be paid for the assignment. However, if the assignee does not exercise a right assigned to him within a period of one year the assignment in respect of such right shall be deemed to have lapsed. The dispute between the owner and the assignee shall be settled according to the agreement between them. Section 17 of the Copyright Act deals with the concept of ownership. The Sections 18, 19, and 19A of the Copyright Act, 1957 deals with the Assignment of Copyright. When the assignment has been made before the coming into force of the Copyright Amendment Act, 1994, the provisions stated above shall not be applicable.

All disputes relating to the assignment of any copyright will be decided by the Copyright Board. The Copyright board has the power to revoke the

5. Section 19 (1) of the Copyright Act, 1957.
6. Id. Section 19(2).
7. Ibid.
8. Ibid.
9. Ibid.
10. Id. Section 19(3).
11. Ibid.
assignment in certain circumstances.\textsuperscript{12} If an assignee fails to make sufficient exercise of rights assigned to him, the Copyright Board may, on receipt of a complaint from the assignor and after holding such enquiry as it may deem fit, revoke the assignment. No order for the revocation of the assignment will be passed by the Copyright Board unless and until it is satisfied that the terms of the assignment are just to harsh the assignor in case the assignor also is the author. The Copyright Board may, after giving the licensee an opportunity of being heard, cancel the licence on any of the following grounds\textsuperscript{13} that:-

i) the licensee has failed to produce and publish such work within the time specified in the licence or within the time extended on the application of the licensee;

ii) the licence was obtained by fraud or misrepresentation as to any essential fact;

iii) the licensee has contravened any of the terms and conditions of the licence.

Further, no order of revocation will be passed within the period of five years from the date of such assignment.

\textit{Transmission by Operation of Law}

Copyright is a kind of movable property, which can be transferred by will, or operation of law. When the owner of the work or copyright dies, the copyright will pass to the legal heirs and if the author dies intestate (without making a will) then it will go to their personal representative. Where a person is entitled to a manuscript of literary, dramatic or musical work, or to an artistic work through a bequest and the work is not published before the death of the testator, then, unless there is anything in the will to the contrary, the bequest will include also copyright in such work. The legal representatives have all the rights of the author regarding the copyright.

Under Section 20 of the Copyright Act, 1957 the provisions has been made out for the transmission of the copyright in manuscript by the operation of the law. Copyright being in the nature of personal property right can be transferred by testamentary disposition or by operation of law as in the case of

\begin{itemize}
\item[^12] Section 19A, of the Copyright Act, 1957.
\end{itemize}
real properties. Section 20 provides that the manuscript of a literary dramatic or musical work or an artistic work has been bequeathed to a beneficiary without specifically bequeathing the copyright the bequest will carry with it the copyright also unless a contrary intention appears from the will. When the owner of the copyright, whether it is published or unpublished dies, the copyright will pass on to his personal representatives as part of the estate, provided that no will has been executed.¹⁴

The owner of the copyright has different rights which can be transferred to one or more than one person. In Raj Video Vision v. K. Mohan Krishnan,¹⁵ the producer of the film had in 1961 assigned to the original assignee all the rights in the negative and the defendants had derived their rights from the assignees. With the passage of time new technology came into existence of videos, satellite etc. now the producer assigned the video and television rights to the plaintiff to which the defendants objected. In this case the Madras High Court has held that, as the owner of the copyright in the film, the producer had every right to assign any right to anybody, other than the rights already assigned to other.

In short, moral rights always remain with the author. Even after the assignment of the economic right the author has exclusive moral right upon the work assigned and the author can assign the rights which are not already assigned to another person. The assignee has no right to challenge the assignment on the assignment unless it violates his right already assigned to him.

**Rights of the Assignee**

After the assignment of the copyright the assignee has all the right (other than moral rights) belongs to the author. The assignee has the right to exploit the right assigned to him. If there is an infringement of the copyright the assignee can sue the infringer in the court of law. It is the duty of the author not to assign the rights which are already assigned to the assigner, but he can assign the other right which was not yet assigned.¹⁶ In Srimangal and Co. v. Books (India) Pvt. Ltd.,¹⁷ it was held that there is no particular form prescribed for assignment. In

---
¹⁴. **Supra note 2 at 45.**
¹⁵. **AIR 1998 Mad 294.**
¹⁷. **AIR 1973 Mad 49.**
case of any dispute regarding the assignment of copyright the same will be decided by the Copyright Board.

b) Licencing of the Copyright

A license is an authorization of an act which, without such authorization becomes infringement. Licensing means that the author remains the owner of his economic rights but allows the buyer (or licensee) of the rights to carry out certain acts covered by these rights for a limited time and purpose. Finally, an author may decide to not use some or all of his rights i.e., he may upload his works on the Internet and specify that anybody can use them free of charge. He may also wish to limit the use on the work he uploaded by allowing his work to be used only for non-commercial purposes. In this case, he would allow others to copy, translate, adapt, perform and even broadcast the work as long as they did not make any money from these uses.18

In the simplest form, a licence is a revocable permission to commit some act that would otherwise be unlawful.19 A licence is an authorisation to do a particular act. It is a limited right where the ownership of the copyright still remains with the author. Various rights of a work like, publication rights, in book form or in a cinematograph form, can be licensed to different persons. In licence, the licensee gets the right to do a particular act in accordance with the conditions imposed in the licence deed. Chapter VI of the Copyright Act, 1957 deals with the procedure of the licences.

In essence a licence is a grant of authority to do a particular thing which other wise could not have been done. It amounts to consent or permission granted by the owner of copyright that the licencee could carry out a restricted act which but for such permission could have been an infringement. The Act provides that the owner of copyright in an existing work or the prospective owner of copyright in a future work ‘may grant any interest in the right by licence in writing signed by him or his duly authorized agent’. The licence so granted should be in writing and should be signed by the copyright owner or by his duly authorized agent. The licence can be classified into three categories:-

19. Supra note 3.
i) Voluntary licences,\textsuperscript{20}  
ii) Compulsory licence,\textsuperscript{21} and  
iii) Statutory licence.\textsuperscript{22}  

\textbf{i) Voluntary Licences}

Voluntary licences could either be exclusive licence or non exclusive licence. The term "exclusive licence" has been defined under Section 2(j) of the Copyright Act, 1957 as "a licence which confers on the licencee or on the licencsees and persons authorised by him, to the exclusion of all other persons (including the owner of the copyright), any right comprised in the copyright in a work, and "exclusive licencee" shall be construed accordingly." The object of granting exclusive right is that the owner can economically exploit it for a limited period. For the purpose of monetary benefit the owner can assign it or license it for a royalty.

A licence which confers on the licencee and persons authorized by him, to the exclusion of all other persons (including the owner of the copyright), any right comprised in the copyright in the work. A non exclusive licence on the other hand does not convey any right of exclusion. It is only a grant of an authority to do a particular thing which other wise would have constituted infringement. When a right owner grants an exclusive right, he denudes himself of all the rights and retains no claim on the economic rights so transferred. In the case of non-exclusive licence the licensor retains the rights to grant further licences. If the licencee fails to make sufficient exercise of the rights licenced to him and such failure is not attributable to any act or omission of the licensor the licensor may make a complaint to the Copyright Board which after holding an enquiry may revoke the licence.

\textbf{ii) Compulsory Licence}

A statutorily created license that allows certain parties to use copyrighted material without the explicit permission of the copyright owner in exchange for a

\textsuperscript{20} Section 30 of the Copyright Act, 1957.  
\textsuperscript{21} Id. Section 31 and 31A.  
\textsuperscript{22} Id. Section 32 and 32A.
specified royalty.\textsuperscript{23} Chapter VI of the Copyright Act, 1957 deals with licences. If the owner of the copyright in any Indian work, which has been already published or performed in public, refuses to republish\textsuperscript{24} or allow the republication of the work or refuses permission for performance in public of the work those who are interested in republishing the work or repetition of the performance can complain to the Copyright Board. On satisfactory evidence and after hearing both sides the Board could pass an order of compulsory licence to the complainant. In certain cases, any person other than the owner of the copyright may complain to the Copyright Board that the work of an Indian author or an Indian cinematographer film or sound recording made or manufactured in India has not been republished or broadcast by the copyright holder and he has refused to do so. In such cases the Copyright Board can permit the publication or broadcast of such work by the other person. For this, the Board will, in accordance with the basic principles of natural justice give hearing to the owner of the copyright and will hold such inquiry as it may consider necessary. Under Section 31, the Copyright Board has power to lay down such conditions of publication or broadcasting as it may deem necessary. The owner of the copyright will also be paid compensation.\textsuperscript{25}

In \textit{M/s. Super Cassette Industries Ltd. v. M/s. Entertainment Network (India) Ltd.},\textsuperscript{26} the Delhi High Court observed that if the person who infringes the right of the owner applies for the compulsory licence than the same cannot be given to the infringer until he stops infringing the same. The infringer is barred to apply for the compulsory licence under Section 31 of the Copyright Act, 1957. Compulsory licence to republish or perform in public ‘Indian works’ already published or performed in public, but thereafter withheld from the general public. For the purposes of Section 31 of the Copyright Act, the term ‘Indian works’ includes:-

(i) a literary, dramatic or musical work:
   a. which is first published in India, or
   b. author of which is a citizen of India, or

\textsuperscript{23} Supra note 3.
\textsuperscript{24} Section 31(1)(a) of the Copyright Act, 1957.
\textsuperscript{26} AIR 2004 Del 326.
c. the author of which, in the case of an unpublished work, is at the time of making the work a citizen of India.

(ii) an artistic work the author of which is a citizen of India.

(iii) a cinematograph film or record made or manufactured in India.

The compulsory licensing contemplated under Section 31, is to republish or to allow the republication of a work or to allow the performance of a work in public, or to broadcast a work. Such licences will be issued in case of unreasonable refusal of the owner of the copyright in the work which had already been published or performed in public to allow its republication, or performance or broadcast, resulting in the work being withheld from public. Upon receipt of a complaint of such refusal the Copyright Board may hold an enquiry into the complaint and if satisfied that the grounds of such refusal are not satisfactory, direct the Registrar to grant to the complainant a licence to republish the work, or to perform it in public or to broadcast it, subject to the payment of such compensation to the copyright owner and subject to such terms and conditions as the Board may determine.

In case of unpublished work of an Indian author when he is not traceable or had died or the owner of copyright of such work is not found, the Copyright Board has power to grant permission to any person to publish or translate such work. The person seeking permission is required to publish his proposal in national English news papers. The Copyright Board after making such inquiry as is required under the Copyright Rules may grant permission. The Board will also decide the amount of royalty to be paid by the person who had sought permission. The amount of royalty will be deposited in the public accounts of the Union Government. There may be many foreign works, which are useful and necessary for academic purposes. The Copyright Board may grant licence to a person for production and publication of translation of a foreign work without the permission of the Union Government, but the copies of such translated works cannot be exported. The owner of the copyright for the original work is to be paid royalty for the translated work at the rate fixed by the Copyright Board. The

---

27. Section 31A of the Copyright Act, 1957.
28. Supra note 25 at 244.
Copyright Board has been vested with wide powers for the grant of the compulsory licence under the Act.

Apart from the above compulsory licensing provision the Copyright Act, 1957 empowers the Central Government that, if the original author of an unpublished work is dead, to require the heirs or legal representatives of the author, to publish of such unpublished work, if such publication is considered in national interest. Where any work is not published within the period specified by the Central Government the Copyright Board may on an application made by any person to publish such a work, permit the publication of the work on payment of such royalty as the Board may determine.

iii) Statutory Licence

The Copyright Act empowers the Copyright Board to grant licence to any person to publish a translation of a literary or dramatic work in any language after a period of seven years from the publication of the work. If the work is a non-Indian work and the application is for publication in a language in general use in India which is not used in developed countries, then the above period may be reduced to three years. A broadcasting authority may also apply to the Copyright Board for a licence to produce and publish the translation of a non Indian work, or any text incorporated in audio visual fixations prepared and published solely for the purposes of systematic instructional activities for broadcasting such translation for the purpose of teaching or for disseminating information on any field to the experts in that field. On receipt of an application the Copyright Board may grant a licence, which is non-exclusive to the applicant to produce and publish the translation of the work in a language mentioned in the application after hearing the parties and subject to certain conditions specified in Section 32 of the Copyright Act, 1957.

The Copyright Act contemplates the granting of compulsory licences to reproduce and publish literary, scientific or artistic works. An application for this compulsory licence can be made after seven years in the case of any work of or relating to, fiction, poetry, drama, music or art, three years in the case of any

29. Section 32 of the Copyright Act, 1957.
30. Id. Section 32A.
work of or relating to natural science, physical science, mathematics or technology, and five years in any other case.

If after the expiry of the relevant period from the date of first publication abroad, copies of such work are not available in India, or such copies have not been put on sale in India for a period of six months, to the general public or in connection with systematic instructional activities at a price reasonably related to those charged in India for comparable works, any person may make an application to the Copyright Board which may after holding an enquiries may issue a non exclusive licence to produce and publish such work. The compulsory licence granted, shall come to an end if the copyright owner or any person authorized by him publishes the work in India at a price reasonably related to the price normally charged in India for similar works and serves upon a notice on the person holding the licence in the prescribed manner. The termination takes effect after three months from the date of service of the notice but does not affect the sale and distribution of the copies already produced by the licencee before the termination took effect.

Under Section 52(1)(j) of the Copyright Act, 1957 makes provision which falls under the fair use section of the Act grants a compulsory licence for the production of sound recordings of literary, dramatic or musical work under certain conditions. The difference in this section with the provisions discussed above is that it does not require an application to the Copyright Board and that the licence is automatic if the conditions prescribed in the section are fulfilled. However, the section requires the Copyright Board to determine the royalties payable in this regard. Hence this provision is at times referred to as ‘statutory licence’. This provision enables making of records of a sound recording by any person by giving the prescribed notice of the intention to make the records and paying the prescribed manner royalties in respect of all such records to the owner of copyright in the work. Such sound recordings shall be made only after the two calendar years after the end of the year in which the first sound recording has been made. Such licences are permitted only in case of works that have been made with the licence or the consent of the owner of copyright in the work. The person making records shall also provide copies of all covers or labels with which the sound recordings are to be sold. The sound recordings shall not be issued in
any form of packaging or with any label which is likely to mislead or confuse the public so as to their identity. In making such records no alterations or omissions of the work can be made unless such alterations or omissions have been previously made with the consent or the licence of the copyright owner or unless such alterations or omissions are reasonably necessary for the adaptation of the work to the records.

**The Copyright Board**

The Copyright Board being a quasi-judicial body plays an important role in case of the disputes relating to the copyright matters. The Copyright Board consists of a Chairman and two or more, but not exceeding fourteen,\(^{31}\) other members for adjudicating certain kinds of copyright cases. The Chairman of the Board is of the level of a judge of a High Court. The Board has the following powers\(^{32}\) to:-

(i) hear appeals against the orders of the Registrar of Copyright,

(ii) hear applications for rectification of entries in the Register of Copyrights,

(iii) adjudicate upon disputes on assignment of copyright,

(iv) grant compulsory licences to publish or republish works (in certain circumstances),

(v) grant compulsory licences to produce and publish a translation of a literary or dramatic work in any language after a period of seven years from the first publication of the work,

(vi) hear and decide disputes as to whether a work has been published or about the date of publication or about the term of copyright of a work in another country,

(vii) fix rates of royalties in respect of sound recordings under the cover-version provision, and

(viii) fix the resale share right in original copies of a painting, a sculpture or a drawing and of original manuscripts of a literary or dramatic or musical work.

\(^{31}\) Id. Section 11(1).

\(^{32}\) Id. Section 12.
Power to grant licence includes power to revoke it. Section 32B of the Copyright Act specifically states that under certain circumstances such as publication or translation by the owner of the copyright, the licence granted for that work will be revoked by the Copyright Board.\textsuperscript{33} The Copyright Board has been vested with the power to revoke the licence under certain circumstances.

\textbf{Difference between Licence and Assignment}

A licence is different from an assignment. In an assignment there is transfer of ownership of the rights. The assignment leaves nothing in the grantor qua the right assigned bestowing in the grantee the whole of the legal interest in the right. Thus an assignee can sue for the infringement of the right assigned. Thus in an assignment, the assignee becomes the owner of the interest assigned whereas in the case of a licence the licencee gets the authorisation to exercise particular rights subject to the conditions of the licence but does not become the owner of the right. A licencee cannot sue for infringement of copyright unless he joins the copyright owner as a co-plaintiff in the action. The Copyright Act provides that in every civil suit or other proceeding regarding the infringement of a copyright instituted by an exclusive licencee, the owner of copyright shall be made a defendant, unless the court otherwise directs. In such situations the owner of the copyright can dispute the claim of exclusive licence.\textsuperscript{34} This provision thus protects the interests of the right holders. Section 61 of the Act provides that in every civil suit or other proceeding regarding infringement of copyright instituted by an exclusive licensee, the owner of copyright shall be made a defendant, unless the court otherwise directs.\textsuperscript{35}

\textbf{Rights of the Respective Parties under Licence/Assignment}

If an assignee fails to make sufficient exercise of the rights assigned to him, and such failure is not attributable to any act or omission of the assignor, then, the Copyright Board may, on receipt of a complaint from the assignor and

\begin{itemize}
  \item \textsuperscript{33} Supra note 25 at 244-245.
  \item \textsuperscript{34} Section 61 of the Copyright Act, 1957.
\end{itemize}
after holding such inquiry as it may deem necessary, revoke such assignment.\textsuperscript{36} If any dispute arises with respect to the assignment of any copyright, the Copyright Board may, on receipt of a complaint from the aggrieved party and after holding an inquiry as it considers necessary, pass such order as it may deem fit including an order for the recovery of any royalty payable, but the Copyright Board shall not pass any order under this sub-section to revoke the assignment unless it is satisfied that the terms of assignment are harsh to the assignor in case the assignor is also the author. Section 19 further provides that no order of revocation of assignment shall be made within a period of five years from the date of such assignment.

If, at any time after the granting of a licence to produce and publish the reproduction or translation of any work under Section 32A, the owner of the right of reproduction or any person authorised by him sells or distributes copies of such work or a translation thereof, as the case may be, in the same language and which is substantially the same in content at a price reasonably related to the price normally charged in India for works of the same standard on the same or similar subject, the licence so granted shall be terminated. No such termination shall take effect until after the expiry of a period of three months from the date of service of a notice in the prescribed manner on the person holding the licence by the owner of the right of reproduction intimating the sale or distribution of the copies of the editions of work as aforesaid. The copies already reproduced by the licensee before such termination takes effect may continue to be sold or distributed until the copies already produced are exhausted.

Where the several rights comprising the copyright in any work are owned by different persons, the owner of any such right shall, to the extent of that right, be entitled to the remedies provided by this Act and may individually enforce such right by means of any suit, action or other proceeding without making the owner of any other right a party to such suit, action or proceeding.\textsuperscript{37} Under Section 57 of the Copyright Act, the author of a work shall have the moral right to claim authorship of the work; and to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work which is

\begin{itemize}
\item \textsuperscript{36} Section 19A(1) of the Copyright Act, 1957.
\item \textsuperscript{37} Section 56 of the Copyright Act, 1957.
\end{itemize}
done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation. The right conferred upon an author of a work other than the right to claim authorship of the work, may be exercised by the legal representatives of the author.

Under Section 61(1) of the Copyright Act, 1957 in every civil suit or other proceeding regarding infringement of copyright instituted by an exclusive licensee, the owner of the copyright shall, unless the court otherwise directs, be made a defendant and where such owner is made a defendant, he shall have the right to dispute the claim of the exclusive licensee. Where any civil suit or other proceeding regarding infringement of copyright instituted by an exclusive licensee is successful, no fresh suit or other proceeding in respect of the same cause of actions shall lie at the instance of the owner of the copyright.

The Copyright Board may, on the application of the licensee and after notice to the owner of the copyright, wherever practicable, if it is satisfied that the licensee was for sufficient reasons unable to produce and publish the translation within the period specified in the licence, extend such period.\(^{38}\) The Copyright Board may, after giving the licensee an opportunity of being heard, cancel the licence on any of the following grounds,\(^{39}\) namely:-

i) that the licensee has failed to produce and publish the translation within the time specified in the licence or within the time extended on the application of the licensee;

ii) that the licence was obtained by fraud or misrepresentation as to any essential fact;

iii) that the licensee has contravened any of the terms and conditions of the licence.

The Copyright Board may, on the application of the licensee and after giving notice to the owner of the copyright, if it is satisfied that the licensee was for sufficient reasons unable to produce and publish the translation or reproduce the work or publish the unpublished work within the period specified in the

\(^{38}\) Rule 10 the Copyright Rules, 1958.

\(^{39}\) Id. Rule 11.
The Copyright Act, 1957 has empowered the Copyright Board to grant and to revoke the licence but at the same time, the same should be exercised according to the principles of natural justice.

**Duties of the Respective Parties under Licence/Assignment**

It is the duty of the assignee and assigner to respect the rights as agreed between them in the agreement. Where the assignment agreement specifically provides some limitations regarding the time and extent of the assignment, than the parties to the agreement should respect the rights of the respective parties. Where the compulsory licence has been granted the assignee should not use his right so as to violate the right of the assigner. Even at the time of the termination of the licence under Section 32A of the Copyright Act, the termination will not take effect until the expiry of three months from the date of service of notice to the licence-holder, and the licence-holder has the right to sell or distribute copies of translation produced before the termination of licence takes effect. It is the duty of the assignee to make the copies of the copyright work to the general public at a reasonable price. It is the duty of the assignee to give royalty as and when payable to the assignor as agreed between the parties.

The Copyright Act not only protects the right of the author but of the general public by providing compulsory licences and statutory licences if the same is not available to the public within the territory of India. While the Copyright Board makes the mandatory order regarding the publishing or performing of the same under the compulsory licences, on the other hand the same protect the right of the author by providing them royalty of the same. The Act also makes the provisions for the copying of the book for educational or research purposes. In case of some disputes regarding the assignment of copyright the Copyright Board has the power to adjudicate the matter. Thus the Copyright Act not only protect the right of the owner of the copyright but also the general public that their right should not be violated limiting the copies of the work and by paying the excessive price for the work.

---

40. *Id.* Rule 11E.
4.2 Procedure for Licensing and Assignment of the Patents

Like the physical property, intellectual property may also be transferred by the owner thus patent is a transferable property, and can be transferred at the discretion of the patentee. The Patents Act provides that41 “Patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent reasonably practicable without undue delay and they are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article.” Patents are granted for the purpose of exploitation, which will enhance the industrial development of the country and therefore should be worked in its fullest extent within the territory of India.

The owner of patent, i.e., patentee can transfer partially or fully his patent to another person, either for consideration or without consideration. A patent or an invention pending a patent can be worked in various ways by the patentee or by the inventor. The rights in the invention can be assigned to any person or a legal entity either during the prosecution stage of the application or after the patent is granted. The patent can also be licenced. Licencing agreements contain detailed restrictions on use, performance standards and termination provisions; and may therefore be far more complex than assignment agreements. Some assignment agreements may, however, go further than merely confirming the transfer of rights and include representations relating to the warranties and payments. The difference in complexity between assignments and licences is due to the fact that licences represent long term arrangements while assignments are one-off transactions.

A patent is an exclusive property of the inventor and hence can be transferred from the original patentee to any other person in the following manners:-

1. Assignment,
2. Grant of licence, and
3. Transmission by operation of law.

41. Section 83 of the Patents Act, 1970.
4.2-1 Assignment of the Patents

Section 68 and 70 of the Patent Act, 1970 deals with the procedure for the assignment of the patent. Assignment means the transfer by a party all of its rights or interests in the property. Assignment is an instrument by which a patentee assigns his rights in the invention to another party, the assignee. The rights may be assigned in whole or in part. The assignee acquires all the rights, which previously belonged to the assignor. The rights then do not revert back to the assignor. Section 68 of the Patent Act states that assignments, mortgage, license or a creation of any other interest in the patent shall not be valid unless the same were in writing, outlining the terms and conditions governing the rights and obligations of each party and is registered.

An assignment means transfer of interest in the patent by the patentee to another person in whole or in part valid over entire or a part of India. The person to whom the right in patent is assigned is called the assignee and the person who assigns the right is called the assignor. There are three kinds\(^\text{42}\) of assignment:-

i) Legal assignment,

ii) Equitable assignment, and

iii) Mortgage.

**i) Legal Assignment**

When the assignor assigns the right in a patent through an agreement duly registered, the assignment is called a legal assignment and the assignee's name will be entered in the Register of Patents maintained by the Patent Office as the proprietor of the patent. The legal assignee shall thereafter have all the rights conferred by the assignor.

**ii) Equitable Assignment**

When the patentee agrees to give another person certain defined right in the patent with immediate effect, by a document i.e., a letter, and not by an agreement, the assignment is termed as an equitable assignment. However, such an assignment cannot be registered in the Register of Patents. The assignee can convert the equitable assignment to legal assignment by getting

\(^{42}\) Supra note 2 at 97-100.
the document in writing and getting it duly registered. That does not fully meet the requirements of a legal assignment but is valid and enforced by the courts in the interest of fairness and justice.\(^{43}\) An assignment which does not fulfill the statutory criteria for a legal assignment. An equitable assignment may be made in one of two ways:-

a) The assignor can inform the assignee that he transfers a right or rights to him.

b) The assignor can instruct the other party or parties to the agreement to discharge their obligation to the assignee instead of the assignor.

Only the benefit of an agreement may be assigned. There is no requirement for written notice to be given or received. The only significant difference between a legal assignment and an equitable assignment is that an equitable assignee often cannot bring an action in its own name against the third party contractor, but must fall back on the rules governing equitable assignments and join the assignor as party to the action.\(^{44}\)

\(\text{iii) Mortgage}\)

When the patentee transfers the patent rights either wholly or in part to the mortgagee to secure a specified sum of money, such assignment is called mortgage. The patentee can get the patent re-transferred on refund of the consideration money. Conveyance of the conditional right of ownership (lien) on an asset or property by its owner (the mortgagor) to a lender (the mortgagee) as security for a loan.\(^{45}\)

\(\text{4.2-2 Grant of Licence}\)

Section 84 to 94 of the Patents Act, 1970 deals with the procedure for the grant of the licence. A licence is a contract by which the licensor authorizes the licensee to perform certain activities which would otherwise have been unlawful i.e., in a patent licence, the patentee (licensor) authorizes the licensee to exercise defined rights over the patent. The effect is to give to the licensee a right to do what he/she would otherwise be prohibited from doing, i.e., a licence

\(^{43}\) http://www.businessdictionary.com/definition/equitable-assignment.html


\(^{45}\) http://www.businessdictionary.com/definition/mortgage.html
makes lawful what otherwise would be unlawful. The licensor may also licence "know-how". 46 "Know-how" pertaining to the execution of the licensed patent right such as information, process or device occurring or utilized in a business activity can also be included along with the patent right in a Licence Agreement. Basically a licence is the authorization to do certain act which would otherwise be treated as infringement.

The ownership in the right is with the Licensor and is not transferred to the Licensee. A license agreement may be explicit or implied, written or oral. Ideally it must be in writing and must lay down rights and duties of both the licensee and the licensor. According to Section 50 of the Patents Act, 1970, a license under the patent shall not be granted and a share in the patent shall not be assigned by a co-owner without the consent of the other co-owner/s. Co-owner share equally the right upon patent unless there is an agreement contrary to this.

The reason for licensing is that, a licence agreement has its flexibility, which allows the respective parties to construct an agreement that is uniquely adapted to their particular circumstances. The licensor may wish to transfer the intellectual property rights as a whole, or may instead divide into several discrete rights and thereby retain some or distribute then amongst several licensees. In doing so, the licensor may retain an element of control by offering one or more licensees the right to use, manufacture and sell or sub-license, perhaps in restricted countries or market sectors this depends upon the agreement they have entered between themselves.

The process of licensing is beneficial to both the licensor and the licensee. For the Licensor it opens new markets, creates new areas for revenue generation, it also helps him to overcome the challenge of establishing the technology in different markets especially in foreign countries by lowering the costs and risk and savings on distribution and marketing expenses. The benefits to the licensee includes savings on research and development and elimination of risks associated with research and development, quick exploitation of market

46. Know-how includes within itself technical information such as formula, techniques and operating procedures and commercial information such as customer lists and sales data, marketing, professional and management procedures.
requirements before the market interest wanes and to ensure that products are the latest.

A licence confers a privilege on another person through an agreement to make, use or exercise the invention. The person to whom the privilege is transferred is called the licensee. The licence agreement does not transfer any interest in the patent. A licence merely transfers a right in patent as compared to an assignment in which there is transfer of interest. There are three kinds of licences:-

i) Voluntary licence,
ii) Statutory licence,
iii) Exclusive licence.

i) Voluntary Licence

The Controller of Patents or the Central Government do not have any role in voluntary licence. Voluntary licence is a written authority granted by the owner of the patent to another person(s). The authority empowers the person(s) to make, use, and sell the patented invention in the manner and on the terms and conditions as agreed between them in the licence. In the voluntary licence, the licensor voluntarily grants licence to any person who may approach him for the exploitation of the patent. A voluntary licence may be of three types:-

a) exclusive,
b) non-exclusive, or
c) sole licence.

a) Exclusive Licence

A licence that gives the licensee the exclusive right to perform the licensed act and that prohibits the licensor for granting the right to anyone else.\textsuperscript{47} An exclusive licence permits only the licensee and a person authorised by the licensee to exploit the invention and therefore excludes all other persons from doing so, including the patentee. An exclusive licensee has the right to start infringement proceedings against the infringer.

\textsuperscript{47} Supra note 3.
b) Non-exclusive Licence

A non-exclusive licence allows the patentee to retain the right to exploit the licensed property as well as the right to grant additional licences to third parties. In the non-exclusive licence the patentee can grant licence to any number of licencee for the exploitation of the patent rights.

c) Sole Licence

A sole licence permits the patentee to work on the patent but prevents the grant of additional licences as opposed to an exclusive licence, which excludes the patentee from exploiting the patented invention. Under the sole licence the licencee is the only person for the exploitation of the patent other than the patentee.

ii) Statutory Licence or Compulsory Licence

When the licence is granted by the Controller or the Central Government as a compulsory licence it is termed as statutory licence. In this case, the terms and conditions of the licence agreement do not depend upon the will of the patentee or the licensee. Although compulsory licensing is not a new concept, it recently has received considerable attention as pharmaceutical companies and activist groups seek to advance their respective political agendas over the right to drug access for life-threatening diseases.

Need of Compulsory Licences

Compulsory Licenses enables the governments to intervene if the patents are not worked for the benefit of the people. Local manufacturing requirement necessitates local manufacturing of the patented products to ensure that the patented inventions are worked on a commercial scale in India to the fullest extent reasonably practicable.48

The provisions for the compulsory licenses are made to prevent the abuse of patent as a monopoly and to make the way for commercial exploitation of the invention by an interested person. There are various grounds for obtaining a compulsory license. Compulsory Licenses for the patent is granted under Section

84 of the Patent Act, 1970. Any person interested may make an application to
the Controller for the grant of compulsory licence after three years of the grant of
patent if the reasonable requirements of the public with respect to the patented
invention have not been satisfied or that the patented invention is not available
to the public at a reasonable price or that the patented invention is not worked in
the territory of India. In setting the terms and conditions of a licence under
Section 84 of the Patents Act, the Controller shall endeavour to secure:-
a) The royalty and other remuneration, if any, reserved to the patentee or
other person beneficially entitled to the patent,
b) Owner of the patent should have reasonable profit,
c) Patented article should be available to the public at a reasonable and
affordable price,
d) Granted is non-exclusive licence,
e) Rights of the licencee in non-assignable,
f) Licence should not be given for more than the remaining period left in the
patent.49

Revocation of the Patent

After the expiry of two years from the grant of the first compulsory licence
the Central government or any person interested may apply to the Controller for
an order revoking the patent on the grounds that the patented invention has not
been worked in the territory of India or that the patented invention is not available
to the public at a reasonable and affordable price.50 The objective behind the
grant of compulsory licence is to secure the patented inventions to be worked on
commercial scale in the territory of India without undue delay and to the fullest
extent that is reasonably practicable and that the interests of any person for the
time being working or developing an invention in the territory of India under the
protection of a patent are not unfairly prejudiced.51

The Controller after providing an opportunity to both the party may grant
the compulsory licence to the applicant if he is satisfied that the application fills
the criteria as laid down in Section 95 of the patent Act, which laid down the

49. Id. Section 90.
50. Id. Section 85(1).
51. Section 89 of the Patents Act, 1970.
terms and conditions for grant of compulsory license. The Patents Act, 1970 also makes the provisions for the grant of compulsory license on notification by the Central Government in the following cases:

i) a circumstance of national emergency; or
ii) a circumstance of extreme urgency; or
iii) a case of public non-commercial use.

The circumstances include “public health crisis relating to AIDS, HIV, TB, malaria or other epidemics”. Thus the Doha Declaration has been reflected in the Patents Act.

**Compulsory Licence for the Export of Patented Pharmaceutical Products**

Under Section 92A of the Patent Act, 1970 as amended by the Patents (Amendment) Act, 2005 provides that, the compulsory licence for the export of patented pharmaceutical products can be granted in certain exceptional circumstances. This provision is to be construed in wider sense to allow export to any country having insufficient or no manufacturing capacity in the pharmaceutical sector whether it is a member of the WTO or not. As this section is intended to address the public health problems faced by a country having insufficient or no manufacturing capacity in the pharmaceutical sector and to facilitate access to affordable medicines for the people in these countries, it should be used in good faith and not with the primary purpose of addressing other objectives in particular objectives of a purely commercial nature. In case of compulsory licence for export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity to address public health problem, the applicant has to make an application to the controller for the grant of the compulsory licence. The compulsory licence will be granted, immediately under Section 92A of the Patent Act so as to meet the public health problem. This provision of the compulsory licensing is very helpful in tackling the problem of epidemic, if the same medicine is not available in the country.

The Controller balances many conflicting issues to grant a compulsory licence such as the interest of patentee (whether he shall receive reasonable...
interest of the general public (whether they shall be able to avail reasonable price). Royalty, which is decided by the Controller, is paid to the patent holder. A compulsory licence is a non-exclusive licence.

The rights of the patentee are essentially to prevent third parties from making, using or selling the patented invention. If these rights are taken away without the authorization of the right holder, as is the case in compulsory licences and government use, much of the monopoly value of patent is lost even if the right holder obtains ‘reasonable commercial’ payment in return. Several studies have found evidence that important patented inventions are generally not licensed voluntarily for financial considerations, except in exchange for patents or technical information of equal importance. Non-voluntary licence can be an important way for governments in the developing countries to make patented inventions available at more competitive prices.

iii) Exclusive Licence

In case of exclusive licence, the patentee confers exclusive right to make, use, sell or distribute the patented invention to a particular person to the exclusion of all others. Such a person will hold an exclusive licence in the patent. The exclusive licensee has the right to initiate infringement proceedings against an infringer. The patentee has the right to impose certain restrictive conditions on the rights of the licensee. But no such restrictions can be imposed which are against the public interest.

4.2-3 Transmission by Operation of Law

When a patentee dies, the interest in patent passes to his legal representative. Another mode of transmission of patent by operation of law is provided where the Central Government acquires a patent from the patentee for public purpose. The Patents Act, 1970 empowers the central Government to use the invention for government purposes.

54. Section 95 of the Patents Act, 1970.
56. Section 100 of the Patents Act, 1970.
i) Anytime after filing or grant of patent, the Government or any person authorized by it can use the patented invention for the purpose of Government.

ii) If an invention is used before the priority date of the relevant claim of complete specification by the Government or any person authorized by it for the purpose of Government, then no royalty or remuneration need to be paid to the Patentee.

iii) If an invention is to be used at any time after the grant of Complete Specification by Government or any person authorized by it for the purpose of Government, then that use should be made only on terms agreed between the Government or any person authorized and the patentee or in default of agreement the same will be decided by the High Court under Section 103 of the Patents Act.

iv) Government can authorize any person in respect of an invention either before or after the grant whether or not the patentee authorizes that person.

v) Where Government authorizes any person for using an invention for Government purposes then unless it is contrary to the Public interest the Central Government shall inform the patentee from time to time, the extent of use of the invention for the purpose of Government. In case of use by the undertaking, Government may call for such information from the undertaking.

vi) The right to use the invention for the purpose of Government includes the right to sell the goods and the purchaser has the power to deal with the goods as if the Government or the person authorized were the patentee of the invention.

vii) In case of an exclusive licensee as per Section 101(3) or an assignor, the Central Government should also inform the exclusive licensee or assignor as the case may be, regarding the extent of use of invention for the purpose of Government.

viii) In respect of an invention used by the Government for the purpose of Government, any agreement, license of assignment etc. between the patentee or applicant and any person other than the Government shall
have no effect if the agreement restricts the use for the purpose of Government or instructs any payment in respect of any use for the purpose of Government.

ix) In relation to any use of the invention made for the purpose of Government by the patentee to the order of Central Government any sum payable by virtue of Section 100(3)57 shall be divided between the patentee and the assignor in such proportion as may be agreed or in default be decided by the High Court under Section 103.

x) In case there is an exclusive licensee authorized under his license to use the invention for the purpose of Government the patentee shall share any payment and such licensee in such proportion as agreed upon or in default is decided by High Court under Section 103 of the Patent Act.

xi) If necessary, the central Government can acquire an invention from the applicant or the patentee for a public purpose, by publishing a notification to that effect in the Official Gazette

xii) Notice of acquisition shall be given to the applicant or patentee as the case may be and other persons appearing in the register as having interest in that patent.

xiii) Compensation should be given by the Central Government to the concerned person as agreed upon between them or in default be determined by High Court under Section 103 of the Patents Act, 1970.

Any dispute arising out of use of an invention by the Central Government for the purpose of Government may be referred to the High Court by either party to the dispute in such manner as may be prescribed by rules of High Court under Section 103. The Government may ask for revocation of patent or raise an issue regarding the validity of the patent. In case, the Government thinks disclosure of any document regarding the invention be prejudicial to the public interest, then the Government can disclose confidentially to the advocate of the other party in any proceeding at any time in the High Court.

According to the Paris Convention, each member country shall have the right to provide for the grant of compulsory licenses to prevent the abuses

resulting from the exclusive rights conferred by the patent. Compulsory licenses for failure to work or insufficient working of the invention may not be requested before the period of time of non-working or insufficient working has elapsed. This time limit is four year from the date of the grant. Such licenses will be a non-exclusive and non-transferable one.

**Rights of the Respective Parties under the Patents Act**

Under Section 48 of the Patents Act, 1970, in case of product patent, the patentee has the exclusive right to prevent third parties from making, using, offering for sale, selling or importing the products in India and in case of process patent, the patentee has the exclusive right to prevent third parties from using, offering for sale, selling or importing the process in India. Where the patent is granted to two or more person, if there is no agreement to the contrary than, each of them has the equal right. When two or more persons are registered as proprietor of a patent, than the licence shall not assign without the consent of the other.\(^{58}\) The person(s) registered as grantee or proprietor of a patent has the power to assign, grant licence\(^{59}\) for any consideration as they deems fit.

Where the compulsory licence has been granted under Section 84, the same may be terminated by the Controller, if the application has been moved by the patentee or any other person deriving title or interest in the patent on the ground that the circumstances are no longer in existence\(^{60}\) which causes the compulsory licence to be given. At the time of revocation of the compulsory licence opportunity has been given to the parties to object to such termination. The application for the termination of the compulsory licence shall be accompanied by the evidence in support of the application.\(^{61}\)

A suit of infringement of a patent can be instituted within three years from the date of infringement without issuing any notice to the defendant. A patentee, exclusive licensee, assignee, person authorised or a co-owner by patentee are empowered to file a suit for infringement.\(^{62}\)

---

58. Section 50 of the Patents Act, 1970.
59. Id. Section 70.
60. Id. Section 94.
Under Section 109(1) the holder of an exclusive licence has the right to institute a suit in respect of any infringement of the patent committed after the date of the licence, and in awarding damages or an account of profits or granting any other relief in any such suit the court shall take into consideration any loss suffered or likely to be suffered by the exclusive licensee. The rights of the inventor have been protected, as in any suit for infringement of a patent by the holder of an exclusive licence, the patentee shall, unless he has joined as a plaintiff in the suit, be added as a defendant. Under Section 110 of the Patents Act, any person to whom a licence has been granted under Section 84 shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent, and, if the patentee refuses or neglects to do so within two months after being so called upon, the licensee may institute proceedings for the infringement in his own name as though he were the patentee, making the patentee a defendant. But a patentee so added as defendant in the proceedings shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

Under the Patents Act the provisions for the exploitation of the invention has been given by patenting the same, at the same time the provisions for the compulsory licensing has also been provided so as to tackle the health problem faced by the country. In the pharmaceutical sector if there is urgent need of the patented medicine which is not available in the market or at a reasonable price than at the application of the person concerned in the field of manufacturing the same can apply for the compulsory license of the same. The patentee can exploit the patent by himself or by giving the licence to some other for the exploitation of the patent. The assignee shall thereafter have been vested with all the rights as conferred by the assignor. The Patent Act makes the provisions for the transmission of the patent not only by the patentee but also by the notification of the Central Government under certain circumstances.

4.3 Procedure for Licensing and Assignment of the Trademarks

In the Intellectual property system, the trade marks have assumed a pivotal position in the world of trade and commerce. With mass production and consumerism stabilizing the growth of enterprises, the importance of trade marks
has grown in the last few decades. To exploit the goodwill of trade and commerce in a big way it is necessary that the production should be increased, but many times the entrepreneur does not have the resources or even does not want to expand the manufacturing unit themselves, hence he decide to assign his trademark. Chapter V of the Trade Marks Act, 1999 specifically prescribed the procedure regarding the assignment and transmission of the trade marks. As the registration of the trademark is not mandatory condition for the use of the same hence the registered\(^63\) or unregistered\(^64\) trade mark is assignable and transmissible, in respect of either some or all the goods or services for which the trade mark is registered or in use.\(^65\) The assignment or transmission of a trade mark must be in writing.\(^66\) Transmission means transfer by operation of law, devolution to the representative of a deceased person and any other mode of transfer other than assignment. If assignment or transmission of a trade mark would create multiple exclusive rights in more than one person, which might deceive or cause confusion, restrictions could be imposed on such assignment or transmission. The confusion or deception could be in relation to:-

i) same goods or services,

ii) same description of goods or services,

iii) goods or services or description of goods or services which are associated with each other.

The proprietor of a trade mark can assign or licence it to a third party for use. If some one wants to be a registered user of a trade mark, he has to make an application in a prescribed manner jointly with the proprietor of the trade mark, to the Registrar, enclosing a copy of the agreement between them stating the trade mark and the specific uses to be covered by the user, the degree of control to be exercised by the proprietor, and whether there would be any more registered users permitted by the proprietor. For an unregistered user, permitted by the proprietor, the use of trade mark shall be deemed to have been made by the proprietor and not by the person permitted by the proprietor. Any registered\(^67\)

---

63. Section 37, of the Trade Marks Act, 1999.
64. Id. Section 39.
65. Id. Section 38.
66. Id. Section 43.
67. Id. Section 38.
owner of a trade mark can assign for any consideration for such assignment. Such assignment and transmission could be with or without the goodwill of the business concerned whereas in case of unregistered\(^66\) trade mark, the same can be assigned or transmitted only with goodwill of the business concerned. In all such cases the assignee has to register as the new owner of the mark and also has to apply to the Registrar for advertising such assignment. In *B. S. Ramappa v. B. Monappa*,\(^69\) the Madras High Court has held that the mere permission to use trademark will not amount assignment of trademark.

Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application, register him as the proprietor of the trade mark in respect of the goods or services in respect of which the assignment or transmission has effect, and shall cause particulars of such assignment or transmission to be entered on the register. The Registrar may require the applicant to furnish evidence or further evidence in proof of title only where there is a reasonable doubt about the veracity of any statement or any document furnished. Where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent court and in all other cases the Registrar shall dispose of the application within the prescribed period. The assignment or transmission shall be ineffective if there is no application is being moved by (as provided under section 45(1) of the Trade Marks Act) the person entitled the same against a person acquiring a conflicting interest in or under the registered trade mark.\(^70\) In *Ratansi Mulji v. Vinod Ratilal*,\(^71\) the Bombay High Court has held that it is abundantly clear that without registration of the assignment or transmission, no right can be pleaded on the ground that trademark has been assigned or transmitted. In case of dispute relating to the assignment of the trademark, pre-decisional hearing is

---

68. *Supra* note 64.
69. *AIR 1970 Mad 156*.
70. Section 45 of the Trade Marks Act (as passed by the Lok Sabha on 25 Feb., 2009 and laid on the table of the Rajya Sabha on 26 Feb., 2009).
necessary. Unless an assignment or transmission is registered, no right can be claimed on the ground of assignment or transmission.

An application to register the title of a person who becomes entitled by assignment or transmission to a registered trade mark shall contain full particulars of the instrument, if any, under which the applicant, or, in the case of a joint application, the person other than the registered proprietor claims to be entitled to the trade mark and such instrument or a duly certified copy thereof shall be produced at the Trade Marks Registry for inspection at the time of application. The Registrar may require and retain an attested copy of any instrument produced for inspection in proof of title. The Registrar may call upon any person who applies to be registered as proprietor of a registered trade mark to furnish such proof or additional proof of title as he may require for his satisfaction. Under Rule 78 of the Trade Marks Rules, 2002, where the Registrar has allowed the assignment of a trade mark under the Trade Marks Act, the following particulars of assignment shall be entered in the register:

i) the name and address of the assignee;

ii) the date of the assignment;

iii) where the assignment is in respect of any right in the mark, a description of the right assigned;

iv) the basis under which the assignment is made; and

v) the date on which the entry is made in the register.

Under Section 43 of the Trade Mark Act, 1999 states that assignment of certification trademark can only be done with the consent of the Registrar. The Registrar has been made the final authority for the disposal of the applications for certification trademark. Section 44 of the Trade Marks Act, further makes the condition on the transferability of the associated trademark that it associated trademark are not assignable or transmissible except as a whole and not separately. For all other purposes under the Act, however, such trade marks shall be deemed to have been registered as separate trade marks.

73. Rule 69 of the Trade Marks Rules, 2002.
74. Id. Rule 71.
The Trade Mark law provides for the permitted use of the trademarks. The proprietor of the registered trademark may permit any other person to use his trade mark. This permission is granted by the proprietor of the trademark by written agreement between him and the proposed user of his trademark. The grant of permission to permitted use of the trademark is like granting licence in the trademark by the registered proprietor of the trademark in the favour of another person who is termed as permitted user of his trade mark. An owner of the trademark can permit any other person to use his trade mark whether he has acquired right in trademark by user or by registration. Section 48 to 56 of the Trade Mark Act, provides for the registration of the user of a trademark by permission or licence. The Act provides that a person other than the registered proprietor of a trademark may be registered as registered user thereof in respect of which the trade mark is registered. The permitted use of a trade mark shall be deemed to be used by the proprietor thereof and shall be deemed not to be used by a person other than the proprietor.

In Devender Kumar v. Vitthal Parsad, the trademark has been registered in the name of a firm. On the death of proprietor, his widow continued business of the deceased, entering into partnership with his brothers. On her death the partnership was reconstituted with remaining partners who filed TM-24 for entering into assignment and bringing on record the names of partners. Another request in Form TM-24 was filed by son of the deceased relying on a Will of deceased father for entering his name as subsequent proprietor. It was held that where the validity of assignment in dispute between parties, Registrar is not authorised to enter assignment until rights of parties inter vivos are determined by a competent court.

Section 49 of the Trade Marks Act, 1999 sets out the procedure for making application and such registration, on completion of which the Registrar may register the proposed user for the goods or services for which he is satisfied. It provides that the application should be made jointly by the registered proprietor of the trade mark and the proposed registered user to the Registrar which should

77. Supra note 62 at 249.
be accompanied by the written agreement between the parties along with an affidavit by the proposed registered user of the trade mark which gives the particulars regarding the relationship between the registered user and registered proprietor, their degree of control, the goods and services in respect of which the trade mark is permitted along with any other statement as are required by the Registrar. After the Registrar is satisfied, he may register the same in the register.

In the Trade Mark Act, 1999 the limitation has been imposed upon the registered user as he will not have the right of assignment or transmission.\(^{79}\) It clarifies that where an individual registered user enters into partnership or remaining in a reconstituted firm, the use of the mark by the firm would not amount to assignment or transmission.\(^{80}\) From the above provisions of the Trade Mark Act, it is clear that licencing and assignment of the trade mark is possible not only of the registered trademark but also of unregistered trade mark, subject to the conditions and the deed of assignment which should be registered with the Registrar.

**Rights of the Respective Parties**

Under Section 52(1) a registered user may institute proceedings for infringement in his own name as if he were the registered proprietor, making the registered proprietor a defendant and the rights and obligations of such registered user in such case being concurrent with those of the registered proprietor, but the registered proprietor so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings. There is no dispute that only registered proprietor of the trade mark or a registered user of a trademark could launch proceedings to prevent its infringement.

Under Section 53 of the Trade Marks Act, a person referred to in Section 2(1)(r)(ii) as permitted user, in relation to a registered trade mark, other than the registered proprietor and registered user in relation to goods or services with which he is connected in the course of trade and in respect of which the trade

---

79. Section 54 of the Trade Marks Act, 1999.
80. Supra note 62 at 259.
mark remains registered for the time being, and by consent of such registered proprietor in a written agreement, and which complies with any conditions or limitations to which such user is subject and to which the registration of the trade mark is subject shall have no right to institute any proceeding for any infringement.

Section 54 of the Trade Marks Act, lays down that a registered user will not have a right of assignment or transmission. The right of a registered user of a trade mark shall not be deemed to have been assigned or transmitted within the meaning of Section 54 in the following circumstances:-

i) where the registered user being an individual enters into a partnership with any other person for carrying on the business concerned; but in any such case the firm may use the trade mark, if otherwise in force, only for so long as the registered user is a member of the firm;

ii) where the registered user being a firm subsequently undergoes a change in its constitution; but in any such case the reconstituted firm may use the trade mark, if otherwise in force, only for so long as any partner of the original firm at the time of its registration as registered user, continues to be a partner of the reconstituted firm.

In short, where an individual registered user enters into partnership or remaining in a reconstituted firm, the use of the firm would not amount to assignment or transmission.

A registered trademark is assignable and transmissible. The proprietor of the registered trademark has power to assign or transmit the trademark with or without the goodwill of the business concerned. Under the provisions of the Trade Mark Act, the assignment or transmission can be for all of the services covered by such trademark or only some of such goods or services. No assignment or transmission of a certification trademark can be made without the consent of the Registrar. The Trade Marks Act prescribes the procedure for the assignment and transmission of the trade marks. Registration of assignment or transmission has to be applied for in the prescribed manner to the Registrar for registration of the title of the registered trade mark by a person who becomes entitled to the same. The Registrar on being satisfied that the validity of such
assignment or transmission is not in dispute, may register the same in the register.

4.4 Procedure for Licensing and Assignment of the Geographical Indication

Registration of a geographical indication is not mandatory under the Act. However, if a geographical indication is registered, it affords a better legal protection to authorised users in cases of infringement of registered geographical indications. No infringement proceedings can be launched under the Act, for an unregistered geographical indication, either to prevent infringement or to recover the damages. In case of two or more authorised users, they would have co-equal rights as against other persons and no one will have the exclusive right to the use of any of those geographical indications.\(^\text{81}\)

No person shall be entitled to institute any proceeding to prevent or recover damages for the infringement of an unregistered geographical indication. Section 20 of the Geographical Indication Act, 1999 also provides that nothing in this Act shall be deemed to affect the right of action against any person for passing off goods as the goods of another person.\(^\text{82}\) Section 21 of the Geographical Indication Act, 1999 provides that two or more authorised users of a registered geographical indication shall have co-equal rights.

Notwithstanding anything contained in any law for the time being in force, any right to a registered geographical indication shall not be the subject matter of assignment, transmission, licensing, pledge, mortgage or any such other agreement. The Act further provided that on the death of an authorised user his right in a registered geographical indication shall devolve on his successor in title under the law for the time being in force.\(^\text{83}\) Section 24 of the Geographical Indication Act, 1999 prohibits any assignment, transmission, licensing, pledge, mortgage or any such other agreement of geographical indication. However, on the death of an authorised user his successor in title can be brought on record.

Under the Geographical Indication Act, there is no provision for the transmission of the geographical indication; the only exception is that after the

\(^{81}\) Section 21 of the Geographical Indication Act, 1999.

\(^{82}\) Id. Section 20.

\(^{83}\) Id. Section 24.
death of the registered owner the same will be transferred to his legal representatives. There is no time limit prescribed for the protection of the geographical indication, it is of indefinite duration as long as the indication serves the purposes.

4.5 Procedure for Licensing and Assignment of the Design

The Designs Act, 2000, confers upon the registered proprietor of the copyright in a registered design to absolutely assign, grant licence or otherwise deal with the design and give receipt for any consideration received for such assignment, licence or dealing. The design can be licenced to third parties to exploit markets or commercialise it on a scale much bigger than what can the resources of the author. It is essential to specify in the licence the term, territory, amount of royalty and type of products for which design can be used by licensee.

Where a person becomes entitled by assignments, transmission or other operation of law to the copyright in a registered design, he may make an application in the prescribed form to the Controller to register his title and the Controller shall, on the receipt of such application and on proof of his satisfaction register him as proprietor of such design, and shall cause an entry to be made in the prescribed manner in the register of assignment, transmission or other instrument affecting the title. Similar provision has been made in the Act with respect to any person who becomes entitle as mortgagee, licensee or otherwise to any interest in the design. The Act makes registration of documents conveying such assignments, mortgage, licence or any other interest in the design compulsory. The assignment or transmission or licence is invalid unless it is registered.84 Under the Designs Act, it is mandatory to register the transmission of the design.

The names and addresses of the proprietors of registered designs, notifications of assignments and of transmissions of registered designs shall be entered in the register of designs. The Register may be maintained wholly or partly on computer, floppies or diskettes, subject to safeguards. The register of design is the prima facie evidence of any matter authorised to be entered therein.

---

84. Supra note 62 at 1087.
During the existence of copyright over any design, other persons are prohibited from using the design except or with the permission of the proprietor, his licensee or assignee. Section 30 of the Designs Act, 2000 prescribes the provision regarding the assignment and transmission of the design. All the powers for the registration has been vested in the Controller, if he is not satisfied with the document produced by the parties for the registration then the controller can demand the proof for his satisfaction. When the Controller is satisfied to the proof produced before him, he will enter the same in the register kept for the purpose.

From the above discussion it can be concluded that there are two types of rights of the author i.e., moral and economic rights. Moral rights always remain with the author. The author should, at the time of transferring the economic right, take into account the Copyright law so that the right which is assigned or licenced can be effectively enforced. If any dispute arises, the matter will be referred to the Court for the settlement of the dispute. The Copyright Act provides that the licence should be in written and should be signed by the author or his duly authorised agent. For the exploitation of the copyright, the author can give the licence on the terms agreed between them. In the Copyright Act, provisions has been made for the compulsory licence if the owner of the copyright which earlier publishes or performed in the public refuses to publish or performed. The provision of the compulsory licence is based on the principal of general interest that the general public should not be withheld from the work which was earlier available to the general public.

The main purpose of the compulsory licence is to reduce the price of the patented products or for other public interest purposes. The Indian Patent Act, 1970 requires that an assignment, licence or a creation of any other interest in a patent must be in writing, clearly specifying all the terms and conditions governing the rights and obligations of the parties. This document must be registered in the prescribed manner within the prescribed time. The person getting such entitlement in a patent has to apply in writing to the Controller for the registration of the title. The effective and efficient issuance of compulsory licences is imperative to curb the abuse of patent rights by the patentee.
However, the compulsory licence provisions in the Patents Act do not satisfy the abovementioned processes. Even though, the language of Section 83 of the Patent Act reflects the spirit of Articles 7 and 8 of the TRIPS and Public Health, the subsequent sections fail to reflect the spirit of Section 83. With the exception of a national emergency, extreme emergency or public non-commercial use, a compulsory licence is available only after three years from the date of grant of the patent. Further, clear and effective grounds for the issuance of a compulsory licence have not been provided in the legislation. There is no ceiling on the remuneration payable to the patent holder, which will inevitably lead to demand for excessive royalty and unnecessary litigations. Furthermore the injunction remedy, not required under TRIPS, with regard to compulsory licence litigations, gives an extra power to the patentee to block the compulsory licence for a long period of time. All these requirements cumulatively make the compulsory licence system potentially an unworkable option in India.

Therefore, in total the request for a compulsory licence does not have to be considered for at least three years and six months from the date of the grant of the patent. Furthermore, one also has to take into the account that the Act fails to provide a timeline within which the Controller must deal with a compulsory licence application after the six-month period mentioned above lapses. This could lead to a further delay before any licence can be issued. In the patents Act as there is no such provisions for the fixation of the royalty to the patentee in case of compulsory licence, the pharmaceutical multi-national companies often refuse to deal with requests for compulsory licences or demand exorbitant royalties while considering such requests.

Although the provision relating to export of drugs falls under the heading of ‘General and Special Provisions’ in the act, that normally should be treated as an urgent matter, there is no clarity in the amendment about the procedure. Further, absence of a ceiling on royalty and availability of injunction remedy will be used by the patent holder to slow down the matters, it could quite possibly argue this point, and delay the introduction of new drugs that a developing or least developing country may urgently require.

The Act further fails to provide the safeguard available within Article 44 of TRIPS, which effectively allows member states to limit remedies on the
remuneration that would be available to the patent holder where third parties are authorised by the government, without the authorization of the right holder, to use the patented good rather than issue an injunction. The grounds to seek compulsory licences have been expanded. The newly inserted Section 92A(1) of the Act extended the scope of issuance of compulsory licenses for manufacture and export of patented pharmaceutical products to countries having insufficient manufacturing capacity in the pharmaceutical sector, if that country has by notification allowed such importation.

A system of compulsory licensing could only have the effect of making investment in patented inventions less secure and less attractive. "Rather than engage in expensive research, companies would be inclined to sit back and let others do the scientific exploration, and then apply for a license as of right if a worthwhile invention was developed." Compulsory licensing is therefore viewed as having no place in U.S. Patent law. In addition, those nations which implement provisions of this nature have been strongly criticized by the U.S. Government as well as by foreign multinational firms on the grounds that while they reap the benefits, they do not contribute their fair share to research and development costs.

Under the provisions of the Trade Marks Act, the trade marks can be transmitted by the way of assignment or licence but the same should be registered with the Registrar. For the exploitation of the goodwill the proprietor or owner of the trademarks needs to increase the manufacturing capacity of the goods or services. He can increase the manufacturing capacity by authorising some other to manufacture or provide the service by using his trademark. As the registration of the trademark is not mandatory hence the unregistered trademark can also be assigned to others. The infringement proceedings can be initiated by the user of the trademarks or by the licensee or assignee of the trademarks. The Trademarks Act has imposed a limitation on the rights of the registered user that the registered user cannot assign or give licence to any other person for the use of the trademarks.

Registration of the geographical indications is mandatory for the initiation of the infringement proceedings, as under the Geographical Indications Act no proceedings for the infringement can be initiated if the same is not registered. The Act further makes it clear that the geographical indications are not a subject matter of assignment or licence. The only way of the transmission of the geographical indications is by way of inheritance by the legal representative of the person, but the geographical indications must be registered before the Registrar.

The design can be assigned or licenced to any person, to exploit in on a commercial scale but the same should be in written and must specify clearly the terms and conditions, the amount of royalty as agreed between the parties. The name and address of the proprietor of the registered design should be entered in the register of the Registrar. During the existence of the copyright of the design, any person has been prohibited from using without the prior permission of the proprietor. The registration of the transmission of the design is an essential condition under the Design Act.