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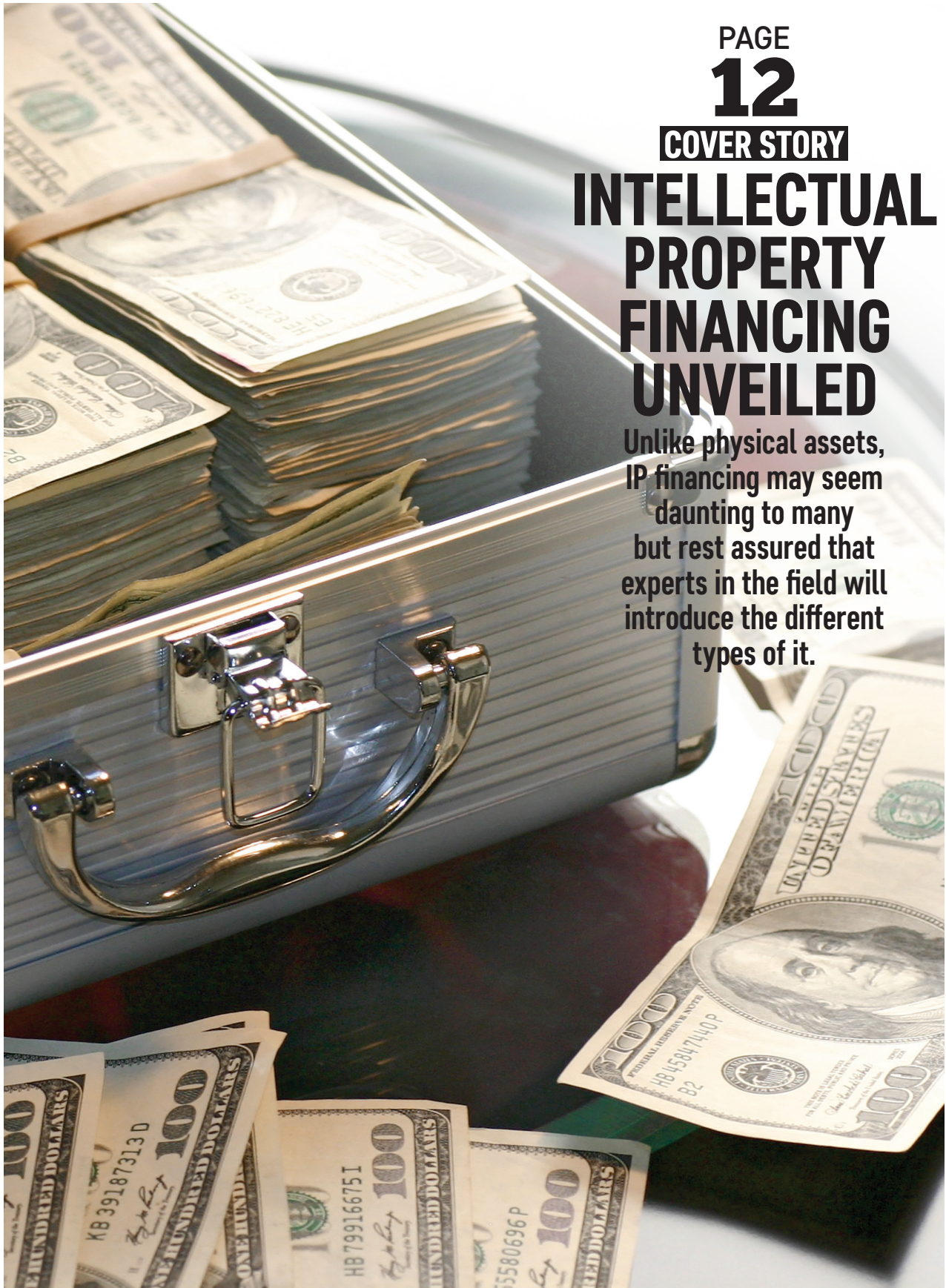
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# IP Right Prosecution & Litigation

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## FOCUS

Patents, Trademarks, Copyrights, Trade Secrets, Unfair Competition Licensing, Counseling, Litigation, Transactions

## FEATURES

Our patent attorneys and patent engineers hold outstanding and advanced academic degrees

Our prominent staff is dedicated to provide the best quality service in IPRs

Our international clients include **Armani, Baidu, Beckhoff, BYD, CICC, Cypress, Dr. Reddy, Infineon, Intercept, InterDigital, Gleason, Grenzebach, Haribo, Intercept, Lenovo, Lupin, Motorola, MPS, NovaLed, Oppo, Piramal, Schott Glass, Sun Pharma, Torrent, Toyo Ink.**

## COMPETENCE

It would be easier to ascertain exact competence of a firm by, e.g. 1) sending it a pending or granted patent for its comments about how it can improve the claims, 2) sending it a pending patent specification without the claims for it to draft the claims for the client's comparison with the original claims, or 3) sending to it and the firm the client is currently using at the same time an initial disclosure so that the client can compare and find out which firm can provide the better claims. This firm welcomes such challenges.



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# Money, money, money

**E**verybody likes money.

With money, you can provide for your family, buy a bigger house and drive a faster car. With money, you can do good and lessen suffering. With money, you can boost your company's productivity and secure its future prosperity.

Companies need money for all of those reasons. Sometimes, the money simply isn't there, but for certain kinds of companies – those that are rich in intellectual property assets – there is an increasingly common way to get the money they need.

They can turn their intellectual assets into money.

And while IP lawyers – and lots of IP owners – know this, the rest of the world often struggles with the concept of using an intangible asset as collateral or security. And with the horror stories that abound in the marketplace, it's not necessarily getting easier to turn your IP into money.

"The market for IP-collateralized debt should probably be served by specialty lenders, because banks have gotten into it and gotten burned," says John Eastwood, a partner at Eiger in Taipei.

In India, for example, a prominent example was money raised by Kingfisher (the Vijay Mallya-led enterprise) from the State Bank of India, the Bank of India and others while offering the Kingfisher trademark as collateral. Banks failed to monetize the IP, says Varun Kalsi, a partner at PSA (Priti Suri & Associates) in New Delhi, as they found no bidders and the attempt to do so was happening amidst concerns raised by the Central Bureau of Investigation regarding IP-collateralized debt.

Johnny Chan has talked with lawyers far and wide to put together our cover story this month, which comes in two parts: one which lays out the basics and different types of IP financing, and a second which examines the do's and don'ts of using your intellectual property as part of your financing plan.

We hope you enjoy this issue. Thank you for reading and, as always, we want to hear from you about what you'd like to see in a future issue of *Asia IP*.

Darren Barton  
PUBLISHER

Gregory Glass  
MANAGING EDITOR





CHINA

**"In addition to a rocketing administrative workload, the proposed regulations would also give rise to a disproportionate compliance burden for overseas entities that collect only a small amount of personal information on an irregular or random basis."**



—JAMES GONG, senior associate, Herbert Smith Freehills, Beijing

**"The measures have been under heated debate during the period of public comment as to whether it is reasonable to require network operators to go through the mandatory security assessments regardless of the volume of personal data that would be**



## transferred outside of China."

—DORA LUO, counsel, Hunton Andrews Kurth, Beijing

### China's draft Measures on Security Assessment of the Cross-border Transfer of Personal Information

The Cyberspace Administration of China (CAC) released the draft Measures on Security Assessment of the Cross-border Transfer of Personal Information on June 13, 2019. The Measures, which refer to the GDPR, apply to all network operators, i.e., "owners and managers of networks as well as network service providers." The comment period ended on July 13, 2019.

Under the draft measures, network operators should undergo security assessment with the CAC prior to the transfer of personal information collected in China to an overseas recipient. They should also file their security assessment report with the CAC for evaluation. If results show that the cross-border transfer may "impact China's national security, endanger public interest or ineffectively protect personal information," the transfer will not be allowed.

Network operators should also have data transfer agreements containing specific clauses with all overseas recipients. Among these clauses are that the data subjects are the beneficiaries of the contract and they can bring infringement claims against either the network operator or the recipient or both and claim damages.

Additionally, the measures specify that network operators should develop an incident response plan, report serious data security incidents immediately and keep a record of all cross-border data transfers for at least five years, among others.

In the case of a foreign entity, appointing a local representative

who will help the organization to comply with Chinese data protection and security policies may be beneficial.

According to James Gong, senior associate at Herbert Smith Freehills in Beijing, there will be challenges once the measures are enacted.

"The measures do not provide any exemption for random or limited transfers of personal information. This will further increase the number of applications and also the compliance burden for companies that only export personal information on an occasional basis. Measures seem to apply to all overseas entities that collect personal information from China, irrespective of the amount of personal information collected or whether Chinese data subjects are targeted. In addition to a rocketing administrative workload, the proposed regulations would also give rise to a disproportionate compliance burden for overseas entities that collect only a small amount of personal information on an irregular or random basis," says Gong.

He also mentions that some of the provisions to be included in the export contract seem to be inconsistent with the general contract law or tort law. Thus, problems in enforcement may arise.

He cites other gaps in the draft measures: "The draft regulations do not expressly specify whether the overseas entities must also apply to the CAC for assessment and pre-approval for the collection of personal information."

Dora Luo, counsel at Hunton Andrews Kurth in Beijing, agrees with Gong. "The measures have been under heated debate during the period of public comment, for instance, as to whether it is reasonable to require network operators to go through the mandatory security assessments conducted by the competent authority regardless of the volume of personal data that would be



transferred outside of China," she says.

Gong continues: "In addition, the 2019 Draft Measures do not expressly provide a grace period within which network operators can complete the evaluation and approval process. If implemented strictly, network operators may have to cease current transfers and wait for the export applications to be evaluated and approved. This would give rise to serious operational difficulties for a number of companies."

Luo sees additional challenges considering the complexity of cross-border data transfers.

"For instance, the measures only address cross-border transfer of personal data rather than the much larger amount of non-personal data," says Luo. "Before the measures were issued, back in April 2017, the China Administration of Cybersecurity also released the Draft Measures on Assessment of Cross-Border Transfer of Personal Information and Important Data. Even though the relationship between these two drafts still remains unknown, it seems that cross-border transfers of personal data and cross-border transfers of important data would be subject to different regulations."

She also believes that some organizations which need to transfer large amounts of personal data outside of China will have to review their IT structures. In case data cannot be delivered out of China, the organization may even be forced to build a data center on Chinese soil.

Despite these however, Luo believes the draft measures serve a purpose.

Singling out the security assessment process as a smart move, Luo says, "the security assessment is a reasonable option in the initial stage of the establishment of a cross-border data transfer mechanism in China. It is hard to reach a unanimous agreement as to the global standard of national security which might vary by

the change of volume, type, scope of data, network security environment of the receiving nation, data security laws, foreign relations, international political and economic situation and development of new technology. The specific standard of assessment of national security is difficult to confirm in the preliminary stage of drafting the cross-border data flow, so the security assessment is a smart way for exploration."

In totality, Luo says that the issuance of the draft measures shows China's commitment to continuously improve its data protection laws. Her firm also believes that the orderly data flow will promote data privacy and data compliance in Asia Pacific.

Citing the Snowden incident of 2013, Luo says, "conditions such as geopolitics, national security, privacy protection, industry capabilities and market access inevitably influence and drive such policies. The issuance of the measures reflects the burgeoning demand of data protection as well as cybersecurity compliance in China. On one hand, China wants to promote the free flow of data. On the other hand, China also needs to ensure security. China is trying to seek orderly data flows in the complex political environment and with the rapid development of technology."—ESPIE ANGELICA A. DE LEON



EUROPE

**"Supervisory authorities will focus on claims where there is a clear link between the data subject and the EU, for instance where the data subject**

**is a citizen or resident in the EEA. So practically speaking, individuals from outside the EEA will not have access to this right."**

—GABRIEL VOISIN,  
partner, Bird & Bird, London



**"It may be possible for the right to be forgotten to limit freedom of speech and expression because the individual has complete control over their personal data, notwithstanding that it may have been commented on by others or be important for the public to view."**

—SHEENA JACOBS, managing partner, JurisAsia, Singapore



**ECJ: The right to be forgotten, but only in the EU**  
The European Court of Justice (ECJ) has recently ruled in favour of Google, saying that it does not have to remove links of sensitive information of people worldwide,



but only for those within the boundaries of the European Union. In its ruling, the top court claimed that the dispute known as the *right to be forgotten* or the *right to erasure* could be ill-treated by authoritarian governments should it be implemented outside Europe.

With this win, individuals can see litigious entries de-listed from Google results at a worldwide level if the competent EU data protection regulator or court determines that, in the light of national standards, global de-listing would be required.

Gabriel Voisin, a partner at Bird & Bird in London, explains further that this ruling means that under EU laws, everyone has a right to data protection.

"In practice, however, supervisory authorities will focus on claims where there is a clear link between the data subject and the EU, for instance where the data subject is a citizen or resident in the European Economic Area (EEA)," he says. "So practically speaking, individuals from outside the EEA will not have access to this right."

If visiting the EU, the General Data Protection Regulation (GDPR) applies only to data subjects when they are in the EU, and this includes the right to be forgotten – Google is not required to remove the search results in other countries outside the EU. However, if visiting other countries outside the jurisdiction of the EU, for instance, and a different address for Google is put in, then any sensitive information still appears.

"Indeed, this search will be deemed to be outside the EU via your IP address, which will show that you are in other countries outside EU," says Voisin. "This happens regardless of your nationality. This also explains why you may see from time to time the following disclaimer at the bottom of Google result web pages: 'Some results may have been removed under data protection law in Europe.'"

On the other hand, if Google removes an individual from

searches in Europe, the possibility of showing up on Google in the US, Hong Kong or the Philippines, for example, may depend upon the search engine.

"An important distinction here is that individuals cannot just request a blanket wipe of 'their data' from the internet," says Voisin. "The right to be forgotten requests are linked to particular items that individuals want to see de-listed from Google results. Google reviews every request. If Google believes that arguments can be made to resist to someone's request (e.g. there are freedom of information or speech considerations that override the individual's rights), then it may decline to remove the requested item. If Google does remove the requested item, it would do so only in relation to EU-wide results, meaning that if you Google the search term outside of the EU, it will appear."

Voisin adds that if a competent EU data protection regulator or court approached by the individual determine that, in the light of national standards, global de-listing would be required, then the item may no longer be listed and Google will have to remove it from results displayed in Europe, US, Hong Kong, the Philippines or anywhere else in the world.

Meanwhile, according to Sheena Jacobs, managing partner of JurisAsia in Singapore, the difficulty with this right is that it is quite complicated to accomplish when you also consider other rights such as freedom of information or the public interest.

"It may be possible for the right to be forgotten when taken to the extreme to limit freedom of speech and expression because the individual has complete control over their personal data, notwithstanding that it may have been commented on by others or be important for the public to view," she says. "While this would not arise in every case, the public also has a competing right to have access to such information. For

example, a totalitarian government may use this right to censor content that they do not want their citizens to have access to."

She adds that in the near future, it is quite possible that the right to be forgotten may be implemented in other countries' data protection laws in the same way as rights of access and correction.

In 2016, Google was fined approximately US\$110,000 by the Commission Nationale de l'Informatique et des Libertés (CNIL), a private, France-based organization designed to protect personal data, support innovation and preserve individual liberties, for its failure to delist search engine results globally. This came after the EU's right to be forgotten in 2014 that says that search engines should have the right to remove results that are deemed inappropriate and vulgar, such as criminal records.

In view of the ruling, the top court considered two cases. The first looked at the territorial scope of de-listing requests (the right to be forgotten on Google). The second examined requests to de-list sensitive personal data (special category data) and criminal offenses and convictions data and Google's obligation to consider the interests of freedom of information. —EXCEL DYQUIANGCO



TAIWAN

**"The implementation of the patent linkage will definitely raise the protection strength for pharma IP holders. It is the nature and intended purpose of the policy. Once**

**you strengthen the level of protection, it would certainly increase the operation cost."**

—ROGER CHANG,  
partner, Lee and Li,  
Taipei



**Taiwan implements patent linkage registration system**

The Legislative Yuan of Taiwan passed an amendment to the Pharmaceutical Affairs Act on December 29, 2017, to resolve patent issues between generic drug and brand drug manufacturers more quickly. This development is expected to facilitate the growth of Taiwan's biomedical industry. Promulgated on January 31, 2018, the amendment sought to create a patent linkage system in the country.

The registration system for patent linkage is now in place, effective August 20, 2019, marking the first time such system has been put into practice in Taiwan's legal circles.

Eligible for the new patent linkage system are patents for compounds, compositions or formulations and those for medical and pharmaceutical purposes in accordance with the indications obtained for market approval.

Under the law, the application for patent linkage must be filed within 45 days from the day of receipt of the new drug approval certificate or before November 20, 2019, if market approval was granted before the registration system was put in place. The individual applying for the approval of the new drug should also be the one filing the application for patent linkage.

Within these 45 days, the holder of a new drug application (NDA) should also submit a list

of patents related to their drug to the Taiwan Food and Drug Administration (TFDA). Additional data in connection with the patents should also be included like the expiry date, patent owner, exclusive licensee, patent attorney on record and specific claims according to the indications obtained on the drug approval if the patent is for a medical purpose.

When applying for generic market approval, the abbreviated new drug application (ANDA) filer should also confirm any of the following cases:

- 1) It has no listed patents,
- 2) Its listed patents have expired,
- 3) It is seeking generic market approval until all patents in the list expire, or
- 4) The listed patents are either invalid or not infringed upon.

If the generic drug manufacturer declares Case No. 4, he should inform the patent holder within 20 days after receipt of notification from TFDA. To slow down the market approval of the generic drug by a maximum of 12 months, the patent holder should file a lawsuit within 45 days. If the court issues its decision favoring the patent holder within these 12 months, market approval for the generic drug will only be granted after patent expiration.

"The new patent linkage law under the Pharmaceutical Affairs Act provides not only stronger patent protection over the innovators' industry, but also better transparency for generics' industry," says Roger Chang, a partner at Lee and Li in Taipei.

Chang enumerates his reasons:

"As of September 26, 2019, 380 marketing approvals have been listed on the TFDA's patent linkage website. In the past, branded firms may choose to keep the relationship between drugs and patents confidential, especially for

biological products and patents covering them. But after patent linkage, everything becomes transparent. It is a big move from the perspective of the public interests."

After listing patents, under certain conditions, Chang says that the patentees would trigger the one-year stay period against ANDA filers. "It strengthens the degree of patent protection."

Although there have been some criticisms against patent linkage, Chang says he's not at all concerned.

"The implementation of the patent linkage will definitely raise the protection strength for pharma IP holders. It is the nature and intended purpose of the policy. Once you strengthen the level of protection, it would certainly increase the operation cost," he explains.

"For example, if you raise protection over copyright, right holders would be better off, but the freedom of knowledge distribution would be registered. It goes another way around if you lower the copyright protection. It is a policy selection," he says. "Nothing is perfect."

Does he believe the patent linkage system will help improve healthcare in Taiwan?

"It's hard to say on this one," he says. "Our healthcare issues are extremely complex. I do not think the patent linkage is a major factor to impact the huge and complicated healthcare system. Other factors like national insurance system and decision over drug pricing are much more important. It would be unrealistic to focus on patent linkage only when analyzing the issues involved in our healthcare system."—ESPIE

ANGELICA A. DE LEON **AIP**





## AUSTRALIA

**Allens** has reappointed Richard Spurio as managing partner for a further four year term from January 1, 2020. Fiona Crosbie, the firm's chair, said: "The decision to reappoint Richard reflects our confidence in his leadership and the clear strategy he has developed for Allens. Richard has gone about his role engaging with our clients and our people with great energy and skill. Richard has championed with enthusiasm the things that are important to us: our innovation agenda, our continued focus on a diverse and inclusive culture; our commitment to pro bono work and community programs – and of course keeping clients central to all that we do." He is a WGEA pay equity ambassador and has played a significant role in Allens' law graduate recruitment programme.



Richard Spurio



Andrew Craig

**Ashurst** has announced that Andrew Craig will join the firm in its corporate division in Melbourne. Joining from Freshfields, where he had been a London-based partner since 2010, Craig specializes in digital economy transactions across a broad range of industry sectors and product lines, with a particular focus on technology. With more than 21 years of experience, Craig advises corporates, private equity firms and financial institutions on a wide range of technology transactions including cross-border M&A, carve-outs, business separation, outsourcing and commercial transactions for clients in sectors including TMT, pharma, financial services and large industrials. Craig began his

career at King & Wood Mallesons in Sydney in 1998. Prior to joining Freshfields, he spent two years as corporate counsel at Nine.com.au.



## HONG KONG

Benjamin Choi has joined local law firm **Deacons** as a partner in its IP practice. Choi has 20 years' experience in the trademarks practice and focuses on local and foreign trademark prosecution. He is experienced in conducting IP due diligence for merger and acquisition projects involving the transaction of IP assets. He also advises on trademark, copyright, design and patent enforcement and passing-off actions in Hong Kong and unfair competition in China, as well as domain name disputes in Hong Kong and China. He is the current president of the Hong Kong Institute of Trade Mark Practitioners, an organization which works in close liaison with the Intellectual Property Department of the HKSAR to promote fair and updated trademark and intellectual property law and practice and encourage cooperation amongst trademark professionals in Hong Kong to protect the interests of trademark owners. He joined the firm from Mayer Brown.



Benjamin Choi



Meng Ding

Meng Ding has joined **Sidley Austin** in Hong Kong, as a partner in the firm's M&A and capital markets practices. Ding has extensive experience in a broad spectrum of capital markets and M&A transactions, especially in the TMT, healthcare, financial institutions, hard-tech and other emerging technology fields. He has advised on numerous Hong

Kong IPOs, U.S. IPOs and follow-on offerings, pre-IPO investments, U.S. public company going-private transactions and Rule 144A and Regulation S bond offerings (investment-grade and high-yield). He also regularly advises U.S.-listed companies on SEC compliance, exchange reporting and other general corporate matters. Earlier in his career, he was a high-tech R&D technologist in Silicon Valley, where he focused on new product development. He stays well-connected to the technology community, particularly in the greater China region.

The partnership at global law firm **Baker McKenzie** has elected Hong Kong-based Milton Cheng as the next chair of the firm. Cheng is managing partner of the Hong Kong office and concurrently the chief executive overseeing Baker McKenzie's offices and businesses across eight countries in the Asia Pacific region. He has considerable experience in mergers and acquisitions, real estate investment trusts, financial services regulation, corporate finance and corporate restructurings. He regularly advises clients on a wide range of acquisition, REIT, restructuring, regulatory and corporate finance matters. He will serve in the role for four years, taking up the position with effect from October 17, 2019.



Milton Cheng

The **Hong Kong International Arbitration Center (HKIAC)** has appointed professor Anton V. Asoskov to the HKIAC Council upon the recommendation of HKIAC's



Anton Asoskov

nominations committee, for a six-year term. Asoskov is professor in the civil law department at Lomonosov Moscow State

University, and a professor in the international private law department at the Russian School of Private Law. He has acted as an arbitrator in approximately 100 international arbitrations under all major institutional rules and the UNCITRAL Arbitration Rules. He is a member of the Russian Council for the Development of Arbitration and a member of the presidium and head of the nominating committee for corporate disputes at International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation.



Victoria Khandrimaylo

**HKIAC** also recently added a Russian national and lawyer, Victoria Khandrimaylo, to its arbitration team. Khandrimaylo previously worked as an associate at an international law firm in Moscow, practicing in the areas of arbitration, corporate and real estate transactions. The appointments of a Russian scholar and arbitrator to HKIAC's council and a Russian lawyer to HKIAC's permanent staff are timely developments following HKIAC obtaining permission to function as a permanent arbitral institution under Russian law in April 2019.



### JAPAN

June Yeum has joined **Pillsbury** as a partner in the firm's New York, Hong Kong and Tokyo offices, where she acts as head of international arbitration in the Asia-Pacific region for the firm. Yeum handles matters under major arbitral rules including the Singapore International Arbitration Centre, Hong Kong International Arbitration Centre, International Chamber of Commerce, Stockholm Chamber of Commerce, International



Centre for Dispute Resolution and United Nations Commission on International Trade Law, as well as at the American Arbitration Association, Badan Arbitrase Nasional Indonesia, Korea Commercial Arbitration Board and World Intellectual Property Organization. Her disputes practice focuses on infrastructure, licensing and sales contracts, energy, construction and joint ventures.



### MALAYSIA

Jonathan Lim Hon Kiat has joined **Zaid Ibrahim & Co.**, a member of **ZICO Law**, as a partner in Kuala Lumpur.

Lim's practice areas focus on fintech, venture capital, blockchain technology, payment systems, digital remittance and initial coin offerings. He currently serves as secretary of the Fintech Association of Malaysia, is legal counsel and mentor for the Founders Institute, a pre-seed start-up accelerator, as well as a contributing member to LawTech



Jonathan Lim

Malaysia, a corporate entity that aims to promote effective and long-term digital transformation in the legal industry in Malaysia. Lim has advised various local and foreign clients on a wide range of corporate transactions including mergers and acquisitions, corporate structuring, initial public offerings, takeovers as well as private funds.



### THAILAND

Daniel Greif has joined **Schmitt & Orlov Intellectual Property (SOIP)** as director of Southeast Asia



Daniel Greif

and senior trademark attorney. Greif, who has long experience in the region, is noted for his advice on trademark, copyright and other intellectual property matter throughout Southeast Asia. Greif was previously a principal at Spruson & Ferguson in Bangkok; before that, he led the IP practice at Siam Premier International, one of the top law firms in Thailand.



### US

Linc Finkenberg has joined **Perkins Coie's** financial transactions practice and fintech industry group as a partner in its New York office.

Finkenberg joined the firm from BNY Mellon, where he served as associate general counsel and managing director and led a global team of more than 30 lawyers and 100 transaction managers. Finkenberg most recently served as BNY Mellon's global practice head for corporate trust, where he advised



Linc Finkenberg



on significant financial deals including the transition of a global bank's government securities clearing business. During his career, Finkenberg has led the formation and acquisition of trust banks in the United States, Latin America, Europe and Asia and performed in-depth legal analysis in several emerging markets to acquire or build the same.



#### GLOBAL

**Pinsent Masons** has announced the launch of its client and legal project management division, which it says will help support delivery of matters on time and on budget. The division is led by UK-based Dee Tamlin, and comprises more than 20 project managers and staff. The firm says that



while a number of law firms offer project management delivered by lawyers or dedicated professionals on major transactions, its CLPM division will do that in addition to embedding professionally-certified project managers directly in the client team on major projects, litigations and transactions, irrespective of whether Pinsent Masons is delivering legal advice on the matter.

The firm operates a number of businesses and technologies which complement legal

resource. In 2013 the firm was in the vanguard of legal firms to offer contract legal resource through its Vario business, which has subsequently launched into Australia, Hong Kong and Singapore. Pinsent Masons is continuing to recruit in the UK, Asia Pacific and the Middle East while offering the service on a global basis. The firm has won project management mandates in the UK, mainland Europe and South Africa. **AIP**



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# INTELLECTUAL PROPERTY FINANCING UNVEILED

Unlike physical assets, IP financing may seem daunting to many but rest assured that experts in the field will introduce the different types of it.

**Johnny Chan** reports.



**I**n general, the market for IP-collateralized debt is primarily served by specialty lenders, says Ruey-Sen Tsai, a partner at Lee and Li in Taipei. “Nonetheless, there are more and more traditional banks and finance companies involving in such financing.”

“The market for IP-collateralized debt should probably be served by specialty lenders, because banks have gotten into it and gotten burned,” says John Eastwood, a partner at Eiger in Taipei.

Varun Kalsi, a partner at PSA (Priti Suri & Associates) in New Delhi thinks that there is no one answer as the nature of lenders differs geographically. “For instance, in the United States, lenders providing a loan against the borrower’s IP as collateral could either be commercial banks or private equity funds and venture capitalists. On the contrary, in India, while IP-collateralized debt is recognized by the Indian IPR Policy, 2016, instances of such debt are restricted to banks. A prominent example was money raised by Kingfisher (the Vijay Mallya-led enterprise) from the State Bank of India, the Bank of India and others while offering the Kingfisher trademark as collateral. However, banks failed to monetize the IP as they found no bidders and [the attempt to do so was happening] amidst concerns raised by the Central Bureau of Investigation regarding IP-collateralized debt.”

Furthermore, Kalsi notes, the practice of raising IP-collateralized debt in India has taken a beating due to the Supreme Court’s ruling in 2018 in *Canara Bank v. N.G. Subbaraya Setty*, in which the court held that a defaulter-borrower cannot assign its trademark to the lender bank, as this is against the Trade Marks Act and the Banking Regulation Act. “It also observed that banks

cannot utilize royalties from such IP as they are not permitted by law to conduct such business,” Kalsi said.

### ***Intellectual property-backed loans***

To use IP as collateral, there are arrangements which must be followed – and which, of course, vary from jurisdiction to jurisdiction.

In the Philippines, Republic Act No. 11057, otherwise known as the Personal Property Security Act (PPSA), was signed into law on August 17, 2018. “The PPSA aims to promote economic activity by increasing access to least cost credit, particularly for micro, small, and medium enterprises, by establishing a unified and modern legal framework for securing obligations with personal property,” says Ramon S. Esguerra, managing partner at Esguerra & Blanco in Manila. “The PPSA aims to strengthen the secured transactions legal framework in the jurisdiction, which shall provide for the creation, perfection, determination of priority, establishment of a centralized notice registry, and enforcement of security interests in personal property, which includes IP.”

A security interest is defined in the law as a property right in collateral that secures payment or other performance of an obligation, regardless of whether the parties have denominated it as a security interest and regardless of the type of asset, the status of the grantor or secured creditor, or the nature of the secured obligation, including the right of a buyer of accounts receivable and a lessor under an operating lease for not less than one year. It is created by a security

**"The market for IP-collateralized debt should probably be served by specialty lenders, because banks have gotten into it and gotten burned."**

—JOHN EASTWOOD, partner,  
Eiger, Taipei



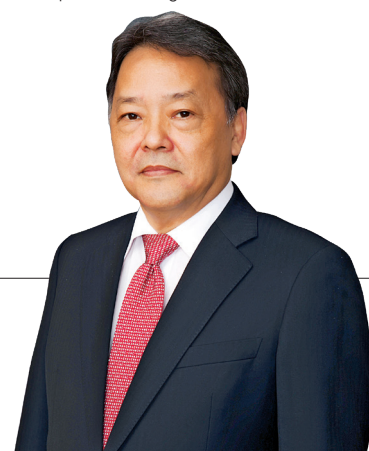
**"Banks failed to monetize the Kingfisher trademark as they found no bidders and the attempt to do so was happening amidst concerns raised by the Central Bureau of Investigation regarding IP-collateralized debt."**

—VARUN  
KALSI, partner,  
PSA (Priti Suri &  
Associates), New  
Delhi



**"The Personal Property Security Act aims to promote economic activity by increasing access to least cost credit, particularly for micro, small, and medium enterprises, by establishing a modern legal framework for securing obligations with personal property."**

—RAMON S. ESGUERRA, managing  
partner, Esguerra & Blanco, Manila



agreement, says Esguerra.

The creation of a security interest in an account receivable arising from a contract for the sale, lease or license of IP cannot be limited by agreement, or be subjected to contractual limitation, he says.

The Land Registration Authority (LRA) is mandated to establish and administer a registry for security interests, he says.

The Department of Finance, in coordination with the Department of Justice and the LRA, is required to promulgate the implementing rules and regulations of the PPSA within six months from the passage of said law. The DOF released and posted on July 15, 2019, a draft set of implementing rules and regulations for comments and consultation with the public, he adds.

In Malaysia, the concept of IP collateralization has been around for a long time, says Pauline Khor, head of the intellectual property and technology department at Rahmat Lim & Partners in Kuala Lumpur. “Be that as it may, and despite the steady growth of IP over the years in Malaysia, IP as an acceptable form of collateral has never really taken off full swing here and remains to be an untapped source of collateral in many industries due to a lack of understanding or awareness in this innovative approach of obtaining financing through IP securitisation.”

In the finance industry, many local banks and financial institutions do not widely promote the use of IP as collaterals and are generally slow to accept them as collaterals due to the lack of framework on IP-based loans and how to value IP as an asset. “Nevertheless, there has been a surge in interest from Malaysian banks and financial institutions in venturing into this area as Malaysia eagerly anticipates the long-awaited new trademark legislation, the Trademarks Act 2019, which is slated to come into force at the end of 2019, and which will replace the current Trade Marks Act 1976. The new act explicitly recognizes that a registered trademark may be the subject of a security interest or a charge in the same way as other personal or moveable property (Sections 62 and 64(5) of the act). Further, a register of registrable transactions which permits the recordal of security interest or charge created over registered trademarks is also expected to be instituted following the coming into force of the act (Section 65(1) of the act),” Khor says. “In an increasingly globalized and digitalized landscape which opens doors to new trends in collateralizing loans and financings, we anticipate that it is only a matter of time before the use of IP as collaterals will increase in prevalence in Malaysia.”

### ***Intellectual property collateral enhancements and time to adopt***

Collateral enhancements are insurance or guarantees on the value of the IP for a defined period of time. “An example happens where a borrower pledges his IP assets as collateral to the lender, and the lender simultaneously purchases an insurance policy from an insurer which provides that in the event of the

borrower’s default, the policy will provide the lender with an insured value for the borrower’s IP asset collateral upon transfer of the title from the lender to the insurers. The insured value for the collateral is generally predetermined based on a pre-agreed schedule over the loan period at the commencement of the loan. The lender is not always compelled to sell the insured IP assets to the insurer and, in many cases, the insured value acts as a ‘floor’ value in the bankruptcy liquidation process,” says Lin Li Lee, a partner at Tay & Partners in Kuala Lumpur. “In this way, the lender is guaranteed to get no less than the insured value while maintaining any upside should the assets be worth more than the insured value.”

Such insurance or guarantees function to reduce credit and foreclosure risk of the borrower which in turn improves the borrower’s overall credit profile thereby increasing the leverage available to it, Lee says. “Collateral enhancements also possibly lower interest rates demanded by the lenders. By guaranteeing the value of the IP, firms offering collateral enhancements make it easier for companies to use IP as collateral for financing. Collateral enhancement is an important secondary tool to improve a lender’s confidence level in the borrower’s intangible assets. In Malaysia, there is presently only one bank which accepts IP as collateral as there is still a lack understanding of IP as an asset and the actual and perceived uncertainties surrounding the IP valuation process.”

### ***Intellectual property royalty securitization***

In the Update to the Intellectual Property Hub Master Plan published in May 2017 by the Singapore government and the Intellectual Property Office of Singapore, one of the recommended initiatives in the realm of IP commercialization is the pilot of new financing models for IP assets, says Siau Wen Lim, a director in the intellectual property at Drew & Napier in Singapore. “A year-long consultation concluded that companies, especially those which are IP-centric and light on physical assets, would be in a better position should initiatives be put in place to facilitate the leverage of IP assets in exchange for finance.”

Indeed, using IP as collateral appears to be an emerging practice in today’s economy, Lim says. “There are various financial arrangements in the context of collateralization of IP, two of which are IP royalty securitization and IP-backed loans.”

Intellectual property royalty securitisation involves obtaining a lump sum payment through the process of consolidating and selling of potential IP-related incoming cash flows and/or future receivables. The intangible assets may be held in a separate legal entity, she says. “The advantage is that the separate legal entity would isolate the financial risk and ensure that the assets are ring-fenced, unaffected by the solvency of the original IP holder.”

Intellectual property-backed loans enable the obtaining of a sum of money at a fraction of the value of the IP assets, with the same being granted a security interest as collateral for the loan, she says. “IP-backed



loans may be viewed in a parallel manner to loans taken out traditionally where physical assets are used as collateral. In the event of non-payment of loan, the lender will have recourse by enforcing its rights over these IP assets.

“Unlike in IP-backed loans, the original IP asset holder in an IP royalty securitization arrangement may, depending on the structure, cease to be the owner of the IP assets,” she adds. “A further difference between the two financing methods is that IP-backed loans involve borrowing money, whereas IP royalty securitization sells potential IP-related incoming cash flows and/or future receivables in exchange for a lump sum payment. Relatedly, while the obligation to repay rests directly on the borrower in an IP-backed loan transaction, the lender in an IP royalty securitization arrangement looks to the income generated by the pool of IP assets to recover the money.”

Usually, in IP royalty securitization transactions, IP assets are transferred to a special purpose vehicle, says Cyril Abrol, a partner at Remfry & Sagar in New Delhi. “Future earnings generated by such belong to the SPV and are passed on to the lenders.”

Intellectual property backed loans are useful for early stage organizations having limited tangible assets such as plant and machinery as well as real estate, Abrol says. “In India, the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended, *inter alia*, deals with the creation of security interests over intangible assets, including know-how, patents, copyright, trademarks, licenses, franchises or other business or commercial right. A security interest includes a right, title or interest in property created in favour of a secured creditor and includes a mortgage, charge, hypothecation or assignment.”

Where the copyright, trademark or design is registered or a patent has been granted, the creation of a security can be recorded by giving notice to the

Office of the Controller General of Patents, Designs and Trademarks, he says. “Moreover, if the security provider is a corporate entity, the security interest must be registered with the Office of the Registrar of Companies.”

### ***Intellectual property sale and license-back financing arrangements***

In addition to IP-backed loans and royalty securitizations, sale and license-back financing can also be considered.

In an intellectual property sale and license-back arrangement, a buyer purchases IP assets and assigns the assets to a licensing company, which then draws up a license with the former owner of the IP asset for royalty payments during a period of time. “Like a legal mortgage, it is a safe transaction, and requires the IP to be assigned to the lender with a license being granted back to the debtor. This financing mechanism allows the IP owner to secure funding through the sale of its IP portfolio, without preventing the utilization of the asset in its business operations. The company receives immediate funding to reinvest in the business and has the flexibility to structure the transaction in a manner to avail additional monetization of the asset,” says Abrol. “A sale license-back arrangement can also have a purchase option whereby the back-licensee can exercise the option to buy back the ownership of the asset at a fixed price at the end or during the back-license contract period.”

Intellectual property sale and license-back financing is usually considered as a method of raising capital, particularly for mezzanine-stage, private equity and venture-backed companies requiring additional, non-dilutive capital, he says.

It also depends on how desperate the company is and how important the technology is to their own core operations, Eastwood reminds. “If a technology is very important to their own core competencies, then getting into a sale-and-license-back arrangement might not be such a good idea.” **AIP**

**"IP-backed loans may be viewed in a parallel manner to loans taken out traditionally where physical assets are used as collateral. In the event of non-payment of loan, the lender will have recourse by enforcing its rights over these IP assets."**

—SIAU WEN LIM, director,  
Drew & Napier, Singapore



**"A sale license-back arrangement can also have a purchase option whereby the back-licensee can exercise the option to buy back the ownership of the asset at a fixed price at the end or during the back-license contract period."**

—CYRIL ABROL,  
partner, Remfry & Sagar,  
New Delhi



**FINANCE**

# LAST WORD

Now that we have discussed the different types of IP financing, let's dig deeper to see the pros and cons as well as the do's and don'ts. **Johnny Chan** reports.



**A**s in everything else, there are advantages and disadvantages of using intellectual property as collateral.

The advantages of using intellectual property as collateral are often only available to the holders of IP that has a proven or readily-apparent value. "For example, corporations can use their trademark registrations, patent portfolios or other IP that protects an identifiable commercial activity to receive better credit terms," says Christopher Rourk, a partner at Jackson Walker in Dallas. "In that regard, IP can provide access financing that is less expensive than other options, that would not otherwise be available, or that doesn't dilute existing equity positions."

Rourk says that IP assets can potentially be financed based on the assumed or proven strength and performance of the IP assets rather than on the creditworthiness of the borrower, such as when a large patent portfolio is associated with a product line that has a proven sales track record.

"In this case, the lender might accept the portfolio as collateral without any proof that it could actually be used to prevent competitors from taking market share away from the borrower. If the IP itself is revenue-generating, such as a royalty stream, then the IP assets themselves can potentially be protected from bankruptcy or other proceedings related to the failure of the revenue stream to allow repayment of the financing, as long as the lender agrees to limit recourse to the royalty stream and not the IP assets themselves."

On the other hand, there can be significant disadvantages to using IP as collateral. For one, the use of IP as collateral is not widespread at the moment, and there are a limited number of lenders

willing to offer such financing. As such, IP-backed financing is usually more expensive than traditional financing options, Rourk says.

"It can also be difficult to determine what component of the IP (patents, trade secrets, copyright and/or trademarks) is associated with the commercial value of a product or business, which can result in a lender requiring securitization of all such assets as a condition to financing. If the IP is the company's principal asset, a default on the loan could result in the loss of the IP and a termination of the company if the loan is secured by the IP, as opposed to a royalty stream from the IP," he says.

Rourk says that it is usually difficult to value intellectual property as compared to tangible assets, and potential creditors are less willing to extend credit because of that. "For example, when the IP has substantial potential value, but only if the IP rights can be successfully asserted against an infringer, financing is typically not available. IP can also be harder to liquidate than tangible assets, and the pool of potential buyers is usually more restricted compared to that for tangible assets."

Another problem is that many financial entities are not well-positioned to evaluate the value of IP or to obtain value from it if they need to foreclose upon it, says John Eastwood, a partner at Eiger in Taipei.

Panisa Suwanmatajarn, managing partner at The Legal in Bangkok, says much the same thing. "While IP is a core asset of many corporations, especially those which rely pretty much on IP either in the form of a brand, invention, etc., [it can be difficult for] a lender to determine the value of the IP if used as collateral, how to enforce that collateral and whether a buyer wishes to buy the IP after enforcing the collateral. It would be more difficult in a case where the IP has

**"Corporations can use their IP to receive better credit terms. In that regard, IP can provide access financing that is less expensive than other options, that would not otherwise be available, or that doesn't dilute existing equity positions."**

—CHRISTOPHER  
ROURK, partner, Jackson  
Walker, Dallas



**"While IP is a core asset of many corporations, it can be difficult for a lender to determine the value of the IP if used as collateral and how to enforce that collateral."**

—PANISA  
SUWANMATAJARN,  
managing partner, The  
Legal, Bangkok



**"As the value of IP becomes more widely recognized and IP monetization techniques become more effective, it is expected that more IP collateralized borrowing deals will be utilized."**



—RUEY-SEN TSAI,  
partner, Lee and Li, Taipei

**"Lenders would be more open to the collateralization of IP when these assets are capable of being securitized such that lenders can enforce their rights against the IP in the event of a default."**



—JOYCE MAGDALENA,  
associate, Gateway Law  
Corporation, Singapore

no registration to back it up, such as a trade secret. It would be hard to determine who the actual owner of such IP is. The preceding issues must be cleared before IP can be used as collateral."

### ***How to succeed in IP financing without really trying***

Billions of dollars have been injected into the IP investment market around the world, says Ruey-Sen Tsai, a partner at Lee and Li in Taipei. "As the value of IP becomes more widely recognized and IP monetization techniques become more effective, it is expected that more IP collateralized borrowing deals will be utilized."

Setting the macroeconomics aside, there are several options for the owners to make their IP more attractive to lenders.

"In determining whether a lending opportunity exists, lenders usually will conduct thorough due diligence and borrowers can strategize to position their assets in the best possible light to creditors," says Tsai.

A borrower interested in receiving financing based on an IP portfolio can take steps to reduce the risks attached to these IP assets. "The steps may be based on some factors, such as the fundamental invention, how well the patents were prosecuted, and any validity challenges we may identify," he says. "One of the patent risks to mitigate is invalidity risk and may require getting an opinion from a reputable IP law firm regarding the validity of the patents, and obtaining infringement enforcement insurance."

An objective valuation of the IP is also critical in the process of securing financing using this asset class

as collateral. "The valuation should communicate to lenders the key factors demonstrating the full value of the IP to a lender. These factors include the size and growth expectations of the markets for the inventions, the robustness and diversity of the cash flow being generated by the IP, the expected future support (e.g. cash, technology, service) required from the IP owner to collect royalties, and potential liquidation value," he says. "The most valuable IP includes assets that can be utilized across several industries or business models. This allows for multiple groups of potential purchasers in the event of default, and is therefore more attractive to potential lenders as it gives them a wider safety net."

A company should be able to provide evidence of the IP assets' potential liquidity, he says. "If the asset is revenue-generating, established licensing agreements and financial reports detailing the corresponding licensing revenue demonstrates that the IP is viable and creates income against which a loan can be repaid."

If available, a list of comparable transactions in the marketplace is useful in evidencing demand and establishing pricing expectations to lenders, "Borrowers may also want to consider providing potential recovery values for the IP in an event of liquidation. Valuing IP using net orderly liquidation value and net forced liquidation value can give comfort to lenders that, in the event of default, an adequate portion of the IP's value is recoverable," he adds. "Understanding this path to recovery should the borrower default is a critical component of sound underwriting for lenders."

Similar to Taiwan – or, really, practically




anywhere else in the world – there are uncertainties among lenders such as banks and other financial institutions in accepting IP as collateral in financing transactions in Singapore. “This is because IP is often considered an intangible asset, and there is still limited knowledge on the value of IP among lenders. Nevertheless, companies can take steps to make their IP more attractive to lenders by mitigating the risk associated with collateralizing IP and enhancing the lenders’ knowledge surrounding IP,” says Joyce Magdalena, an associate at Gateway Law Corporation. “In particular, lenders would be more open to the collateralization of IP when these assets are capable of being securitized such that lenders can enforce their rights against the IP in the event of a default.”

To make their IP more attractive to lenders, companies could perhaps show lenders the full value and potential of their IP by applying for the protection of their IP in the relevant jurisdictions, and thereafter maintaining a well-managed IP portfolio. “To do so, companies should ensure that their IP assets are well prosecuted and that their IPRs are effectively enforced (e.g. by ensuring the registrations and timely renewals of their IP, where applicable). In this regard, companies may tap into publicly available resources to aid them in the management of their IP assets,” Magdalena says.

“An example is illuminate for enterprise, a free diagnostic tool created by the Intellectual Property Office of Singapore which helps companies assess the risk levels of their IP and provides tips for IP management, among other things. This would not only increase the general awareness on the value of IP, but would also increase lenders’ confidence in accepting IP as collateral,” she says.

Additionally, companies should ensure that their IPRs are valued independently and accurately, prior to tapping into their IP as collateral, she says. “This could be done through proper due diligence on the relevant IP. By ensuring proper valuation of the relevant IP, companies would help lenders understand the nature, value and liquidity of the IP, among other things. This would ultimately assure lenders of the quality of the IP assets and, to a certain extent, reduce transaction costs in gathering information on the reliability of using IP as collateral and the creditworthiness of the companies.”

While well-organized IP portfolios are stressed above, many tech companies in their early days do not have the money or patience for that level of organization, and there have been numerous cases where clearly the coordinating counsel split up the patent filings among multiple firms in an attempt to get cheap prices, Eastwood says. “And the result in those cases? Patent portfolios that are a mess!” 

## CRUZ MARCELO & TENEFRANCIA

*The Intellectual Property (“IP”) lawyers of CRUZ MARCELO & TENEFRANCIA are best known for their ability to provide **excellent and effective legal services** covering the **full spectrum of IP Practice**:*

- Trademark, Patent and Copyright Prosecution
- IP Commercialization (Licensing and Franchising)
- IP due diligence and audit of IP Assets
- Registration of technology transfer agreements
- Registration of food, cosmetics and drugs
- Protection of business models, trade secrets and undisclosed information
- IP Litigation (Infringement and Unfair Competition; Cancellation Proceedings)
- IP Enforcement
- IP valuation

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### Other major areas of practice include:

Litigation and Dispute Resolution	Trade
Corporate and Special Projects	Telecommunications
Mining and Natural Resources	Infrastructure, Transportation and
Energy	Public Utilities
Taxation	Labor and Employment

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CVCLAW Center  
11<sup>th</sup> Avenue corner 39<sup>th</sup> Street  
Bonifacio Triangle  
Bonifacio Global City 1634  
Metro Manila, Philippines



## And the nominees are...

**L**aw firms across Asia Pacific are stepping up their game in a race to the top, whether by expansion, merger or good old-fashioned poaching, all of which makes it increasingly challenging for us to stay on top of the practice. On November 8, 2019, *Asia IP* will reveal the top copyright, patent and trademark law practices across the region at an awards ceremony at the Shangri-La's Far Eastern Plaza Hotel in Taipei. The awards ceremony will be our 10th, and will crown 51 winners in jurisdictional awards from across the region, with three regional Asia Pacific winners to cap off the evening.

The five shortlisted firms in each category were based on key cases and other information provided by law firms in the region. More than 5,000 in-house counsel from Asia, Europe and the Americas – the very people who frequently work with the firms and know them best – were then polled by *Asia IP* magazine throughout the first part of 2019. The firm receiving the most votes in each category will be named the winners in each of 19 jurisdictions, plus in the Asia Pacific category.

The results will be revealed at our gala dinner next month, and in the December/January issue of *Asia IP*.

## The 2019 *Asia IP* Awards Shortlist

### Australia Trademarks

Bird & Bird  
Davies Collison Cave  
FB Rice  
McCullough Robertson  
Sparke Helmore Lawyers

### Australia Patents

Bird & Bird  
Davies Collison Cave  
FB Rice  
McCullough Robertson  
Spruson & Ferguson

### Australia Copyright

Bird & Bird  
Davies Collison Cave  
King & Wood Mallesons  
McCullough Robertson  
Sparke Helmore Lawyers

### Cambodia Intellectual Property

Abacus IP  
BNG Legal  
Pich & Partners  
Sok Siphana & Associates  
Tilleke & Gibbins

### China International Trademarks

Baker McKenzie  
Hogan Lovells  
Simmons & Simmons  
SIPS  
Spruson & Ferguson

### China International Patents

Baker Mckenzie  
Bird & Bird  
Deacons  
Hogan Lovells  
Simmons & Simmons



**China International Copyright**

Baker McKenzie  
Bird & Bird  
Hogan Lovells  
Simmons & Simmons  
SIPS

**Hong Kong Trademarks**

Baker McKenzie  
Deacons  
Ella Cheong & Allan Chiu  
Mayer Brown  
Nixon Peabody CWL

**Hong Kong Patents**

Baker McKenzie  
Bird & Bird  
Deacons  
Hogan Lovells  
Nixon Peabody CWL

**Hong Kong Copyright**

Baker McKenzie  
Bird & Bird  
Ella Cheong & Alan Chiu  
Hogan Lovells  
Mayer Brown

**India Trademarks**

Anand and Anand  
Lall & Sethi  
Rahul Chaudhry and Partners  
Remfry & Sagar  
RNA, Technology and IP Attorneys

**India Patents**

Anand and Anand  
LexOrbis  
Rahul Chaudhry and Partners  
Shardul Amarchand Mangaldas &  
Co  
Singh & Singh

**India Copyright**

Anand and Anand

Beruar & Beruar  
Remfry & Sagar  
RNA, Technology and IP Attorneys  
Singh & Singh

**Indonesia Trademarks**

Acemark  
HHP Law Firm  
K&K Advocates  
Roosdiono & Partners  
Rouse

**Indonesia Patents**

Acemark  
HHP Law Firm  
Januar Jahja and Partners  
K&K Partners  
SKC Law

**Indonesia Copyright**

HHP Law Firm  
Januar Jahja and Partners  
K&K Advocates  
Roosdiono & Partners  
Rouse

**Japan Trademarks**

Baker McKenzie  
Hiroe and Associates  
Hogan Lovells  
Nakamura & Partners  
TMI Associates

**Japan Patents**

Hiroe and Associates  
Nakamura & Partners  
Ryuka IP  
TMI Associates  
Yuasa and Hara

**Japan Copyright**

Baker McKenzie  
Hogan Lovells  
Nakamura & Partners  
TMI Associates  
Yuasa and Hara

**Malaysia Trademarks**

Rahmat Lim & Partners  
Shearn Delamore & Co  
Tay & Partners  
Wong & Partners  
Wong Jin Nee & Teo

**Malaysia Patents**

LAW Partnership  
Marks & Clerk  
Rahmat Lim & Partners  
Shearn Delamore & Co  
Wong & Partners

**Malaysia Copyright**

LAW Partnership  
Rahmat Lim & Partners  
Shearn Delamore & Co  
Tay & Partners  
Wong Jin Nee & Teo

**Macau Intellectual Property**

BN Lawyers  
C&C Lawyers  
DSL Lawyers  
MdME  
RPMacau

**Myanmar Intellectual Property**

Baker McKenzie  
Khine Khine U  
Rouse  
Tilleke & Gibbins  
U Myint Lwin Law Office

**New Zealand Trademarks**

AJ Park  
Baldwins Intellectual Property  
Ellis Terry  
MinterEllison RuddWatts  
Simpson Grierson

**New Zealand Patents**

AJ Park  
Baldwins Intellectual Property

Catalyst Intellectual Property  
Ellis Terry  
James & Wells

### New Zealand Copyright

AJ Park  
Baldwins Intellectual Property  
James & Wells  
MinterEllisonRuddWatts  
Simpson Grierson

### Pakistan Trademarks

Ali & Associates  
Bharucha & Co  
Sheikh Brothers  
United Trademark & Patent  
Services  
Vellani & Vellani

### Pakistan Patents

Ali & Associates  
Bharucha & Co  
Remfry & Son  
Sheikh Brothers  
United Trademark & Patent  
Services

### Pakistan Copyright

Ali & Associates  
Remfry & Son  
Sheikh Brothers  
United Trademarks & Patent  
Services  
Vellani & Vellani

### Philippines Trademarks

Angara Abello Concepcion Regala  
& Cruz  
Cruz Marcelo & Tenefrancia  
Quisumbing Torres  
Romulo Mabanta Buenaventura  
Sayoc & De Los Angeles  
SyCip Salazar Hernandez &  
Gatmaitan

### Philippines Patents

Angara Abello Concepcion Regala  
& Cruz  
Hechanova Group  
Quisumbing Torres  
Romulo Mabanta Buenaventura  
Sayoc & De Los Angeles  
SyCip Salazar Hernandez &  
Gatmaitan  
Villaraza & Angangco

### Philippines Copyright

Angara Abello Concepcion Regala  
& Cruz  
Cruz Marcelo & Tenefrancia  
Hechanova Group  
SyCip Salazar Hernandez &  
Gatmaitan  
Villaraza & Angangco

### Singapore Trademarks

Allen & Gledhill  
Baker McKenzie Wong & Leow  
Bird & Bird ATMD  
Drew & Napier  
Eversheds Harry Elias

### Singapore Patents

Allen & Gledhill  
Baker McKenzie Wong & Leow  
Drew & Napier  
Marks & Clerk  
Spruson & Ferguson

### Singapore Copyright

Allen & Gledhill  
Baker McKenzie Wong & Leow  
Drew & Napier  
Eversheds Harry Elias  
Rajah & Tann

### South Korea Trademarks

Cho & Partners  
FirstLaw  
Kim & Chang  
Lee & Ko  
YP Lee Mock & Partners

### South Korea Patents

FirstLaw  
Kim & Chang  
Lee & Ko  
Lee International IP & Law  
Yoon & Yang

### South Korea Copyright

Cho & Partners  
Kim & Chang  
Lee & Ko  
Lee International IP & Law  
Yoon & Yang

### Sri Lanka Trademarks

DL & F De Saram  
FJ & G de Saram  
John Wilson Partners  
Julius & Creasy  
Sudath Perera Associates

### Sri Lanka Patents

DL & F De Saram  
John Wilson Partners  
Julius & Creasy  
Neelakandan & Neelakandan  
Sudath Perera Associates

### Sri Lanka Copyright

DL & F De Saram  
John Wilson Partners  
Julius & Creasy  
Neelakandan & Neelakandan  
Sudath Perera Associates

### Taiwan Trademarks

Lee and Li  
Saint Island Int'l Patent & Law  
Offices  
Tai E International Patent & Law  
Office  
Tsai Lee & Chen  
Tsar & Tsai



#### **Taiwan Patents**

Lee and Li  
Rich IP & Co  
Saint Island Int'l Patent & Law  
Offices  
Tai E International Patent & Law  
Office  
Tsar & Tsai

#### **Taiwan Copyright**

Eiger  
Formosa International  
Lee and Li  
Saint Island Int'l Patent & Law  
Offices  
TIPLO

#### **Thailand Trademarks**

Baker McKenzie  
Domnern Somgiat & Boonma  
Satyapon & Partners  
Spruson & Ferguson  
Tilleke & Gibbins

#### **Thailand Patents**

Ananda Intellectual Property  
Baker McKenzie

Domnern Somgiat & Boonma  
Satyapon & Partners  
Tilleke & Gibbins

#### **Thailand Copyright**

Baker McKenzie  
Domnern Somgiat & Boonma  
Tilleke & Gibbins  
ZICO IP  
International Legal Counsellors  
Thailand

#### **Vietnam Trademarks**

Ageless IP  
Baker McKenzie  
Indochine Counsel  
Pham & Associates  
Tilleke & Gibbins

#### **Vietnam Patents**

Ageless IP  
Baker McKenzie  
Pham & Associates  
Tilleke & Gibbins  
Vision & Associates

#### **Vietnam Copyright**

Baker McKenzie  
Hogan Lovells  
Pham & Associates  
Tilleke & Gibbins  
Vision & Associates

#### **Asia Pacific Trademarks**

Baker McKenzie  
Bird & Bird  
Hogan Lovells  
Mirandah Asia  
Tilleke & Gibbins

#### **Asia Pacific Patents**

Baker McKenzie  
Bird & Bird  
Mirandah Asia  
Spruson & Ferguson  
Tilleke & Gibbins

#### **Asia Pacific Copyright**

Baker McKenzie  
Bird & Bird  
Hogan Lovells  
Tilleke & Gibbins  
ZICO IP



Some of the winners of the 2018 Asia IP Awards are pictured in New Delhi. On November 8, 2019, Asia IP will reveal the top copyright, patent and trademark law practices across the region at an awards ceremony at the Shangri-La's Far Eastern Plaza Hotel in Taipei.

# Kazakhstan on the cusp of change



As Kazakhstan prepares to diversify its economy, it has turned its eyes to Singapore. Lawyers from Central Asia and Singapore weigh in with *Espie Angelica A. de Leon*.

**O**n December 15, 2012, more than 20 years after Kazakhstan achieved full independence on December 16 1991, President Nursultan Nazarbayev delivered his State of the Nation address. In his speech, he presented the Kazakhstan 2050 Strategy.

His roadmap for the country's development leading up to the year 2050 bears his vision of

Kazakhstan joining the league of 30 most-developed countries. The Kazakhstan 2050 Strategy aims to achieve this through economic, social and political reforms throughout the country.

Among the strategy's top 10 projects are the construction of nuclear power plants; provision of more funding for science; and development of mobile and multimedia, nano- and space technologies, robotics and gene engineering, among others.



All these dovetail with current positive developments in the country's intellectual property scene. Companies in Kazakhstan are increasingly becoming aware of the importance of IP in their business and the economy.

"Trading is a prevailing business in Kazakhstan," says Saule Akhmetova, partner and branch director at GRATA Law Firm in Almaty. "Therefore, companies apply for their registration and protection more often. Besides, trademarks account for majority of disputes."

IP legislation is in place, including Part 5 of the Civil Code of the Republic of Kazakhstan devoted to IP matters and laws on Copyright and Related Rights; Protection of Selection Achievements; Trademarks, Service Marks and Appellations of Origin of Goods; Protection of Topographies of Integrated Circuits; and the Patent Law of the Republic of Kazakhstan.

"One popular route for obtaining patent protection in the territory of the Republic of Kazakhstan has been using the Eurasian Patent Organization and to file a Eurasian patent application with the Eurasian Patent Office, which is an independent regional organization headquartered in Moscow," says Erik Viik, a patent attorney at Papula-Nevinpat in Helsinki.

"The Eurasian route enables a right owner to obtain patent protection in any of the eight Eurasian member states by filing a single Eurasian patent application. The member states are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Turkmenistan," says Viik, whose firm offers IP services in all former Soviet Union states, including Kazakhstan.

The Civil Proceedings Code and administrative and criminal laws also support IP protection and aid

in the enforcement of court rulings.

Furthermore, the country has ratified most international treaties on IP protection.

Despite these, however, the volume of patent registrations in Kazakhstan remains low.

"This is primarily due to the fact that Kazakhstan is a raw material economy and scientific developments and inventions that could develop patent law are insignificant," says Akhmetova.

"Kazakhstan's economy is built on the commodity market, and most patents are registered in the energy and industrial sectors. At this stage, development in the fields of pharmaceuticals, mechanical engineering and digital technology is required for Kazakhstan. However, Kazakhstan needs to improve its legislation in the field of patent law as patents require enhanced protection of rights."

There may still be some problem areas as far as IP is concerned in Kazakhstan, but this is poised to change in the coming years. Plus, on top of the huge strides the country has taken after achieving full independence in 1991, bigger changes are yet to come.

On September 9, 2019, the Intellectual Property Office of Singapore (IPOS) signed a tripartite memorandum of understanding with the Astana Financial Services Authority (AFSA) and the Ministry of Justice (MoJ) of Kazakhstan. The MoJ is the government agency in charge of IP policy.

The MoU provides a framework for cooperation that will strengthen innovation activities within the Astana International Financial Centre (AIFC) and help build its IP ecosystem.

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—SAULE AKHMETOVA,  
partner and branch  
director, GRATA Law  
Firm, Almaty



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**a right owner to obtain patent protection in any of the eight Eurasian member states."**

—ERIK VEEK,  
patent attorney,  
Papula-Nevinpat,  
Helsinki





**"Innovation and digitalization have changed what is valuable in today's economy. There is an increasing need for enterprises to leverage their IP and intangible assets strategically to scale and grow. We see this happening around the world."**

—WALTER CHIA,  
acting director, international  
engagement department, IPOS,  
Singapore



**"There will likely be work opportunities for Singaporeans. Singapore will also establish business networks with Kazakhstan which will promote business activities between the two nations."**

—JIAN MING CHANG, patent  
attorney and associate principal, Rodyk IP,  
Singapore

AIFC, which was launched in July 2018, is a territory situated in Kazakhstan's capital Nur-Sultan (which had been known as Astana until March 2019). It is a designated investment hub for insurance, banking, Islamic financing, financial technology, e-commerce, and other innovation projects for the financial sector.

"AIFC is the financial hub for the Central Asian countries as well as the republics of the Trans-Caucasian region, Middle Eastern countries, the territory of west China and Mongolia, and European countries," says Modangul Tagbergenova, a Kazakh patent and trademark attorney and Eurasian patent attorney at Papula-Nevinpat in Almaty.

"The main goal of AIFC is development of human resources and training of local specialists in financial market, facilitation of public access to international professional certification, creation of skilled personnel reserve at international level for AIFC ecosystem and beyond. In addition, AIFC develops its own tailor-made programs to train specialists related to AIFC's core areas of activity, delivers professional events to improve financial and investment literacy," says Tagbergenova.

According to Akhmetova, business entities inside the centre are entitled to certain privileges. Among these are: free choice of the currency used

in contracts; tax exemptions from corporate and individual income tax, property tax and land tax, as provided by the legislation; and visa-free entry for 30 days for some foreigners and work permit-free entry for some expatriates.

AFSA regulates the services and activities within the AIFC. "AFSA has powers to authorize, supervise, and, where necessary, carry out enforcement with regard to centre participants," says Akhmetova.

Business activities in AIFC are also governed by the Constitutional Law on AIFC, statutory acts of AIFC and the Kazakhstani law, particularly those parts which do not contradict with AIFC statutory acts, according to Akhmetova.

The terms of the MoU include the establishment of an IP and innovation service centre within the AIFC. Through this facility, IPOS will provide its services and share its IP expertise with business entities operating within the AIFC.

Provision of IP management consultancy services and customized training programs will also be jointly explored.

According to Walter Chia, acting director for IPOS' international engagement department, the cooperation is aligned with IPOS' IP Hub Masterplan, which aims to create a more vibrant and inter-



connected global IP ecosystem. The MoU with AFSA and MoJ is just one among more than 70 IP-related agreements the IPOS has inked with various nations and organizations. These account for nearly 90 percent of global trade.

"Innovation and digitalization have changed what is valuable in today's economy," says Chia. "There is an increasing need for enterprises to leverage their IP and intangible assets strategically to scale and grow. This is not unique to Singapore and we see this happening around the world. On this, we are glad to have found like-minded partners in the Astana Financial Services Authority and the Kazakhstan Ministry of Justice with a common goal to use IP and innovation to drive high-value economic growth in our countries."

With the establishment of an IP and innovation service centre in a hub such as the AIFC, Jian Ming Chang, a patent attorney and associate principal at Rodyk IP in Singapore, is optimistic.

"There will likely be work opportunities for Singaporeans. Singapore will also establish business networks with Kazakhstan which will promote business activities between the two nations," he says.

As a patent attorney, Chang says he looks forward to opportunities to work for Kazakhstan companies venturing into Singapore, the Kazakhstan government, Singapore government, and Singapore companies venturing into Kazakhstan.

For Ren Jun Lim, a partner at Baker McKenzie Wong & Leow in Singapore, the MoU is a good move toward raising Singapore's profile in Kazakhstan, which is trying to establish itself as a gateway to Central Asia.

Says Lim: "Traditionally, we do not see much work from Central Asian countries in Singapore. Hopefully, with the MoU and the various bilateral treaties, there will be an increase in investments into Singapore from Kazakhstan. With such an increase in investment, there will be a corollary growth in the demand for legal services such as IP to secure the rights of the investing / expanding companies."

"With IPOS and potentially other Singapore IP firms contributing their expertise to developing the IP ecosystem in AIFC, this will be a good showcase of Singapore's strength in IP. This aligns with Singapore's plan to become an IP Hub. Given IPOS' input, it is imagined that the IP ecosystem will be largely similar to Singapore's which means that Kazakhstan companies and other Central Asian companies with a presence in Kazakhstan will become familiar and comfortable with Singapore's IP system as well."

Kong Xie Shern, an associate at Baker McKenzie Wong & Leow in Singapore, says the firm is hoping the country will be a leading choice for Kazakhstan businesses once IPOS' IP Hub Master Plan is implemented. By then, he says, those companies should have familiarized themselves with Singapore's IP ecosystem and IP expertise.

"For example, one of the strategic outcomes of the Master Plan is for Singapore to become a hub for IP dispute resolution," says Shern. "With the MoU in place, this will hopefully attract and encourage these companies to choose Singapore as a dispute resolution forum for transactions in the Southeast Asia region or where a neutral venue or forum is desired."

**"We do not see much work from Central Asian countries in Singapore. Hopefully there will be an increase in investments into Singapore from Kazakhstan. With an increase in investment, there will be a corollary growth in the demand for legal services."**

—REN JUN LIM, partner, Baker McKenzie Wong & Leow, Singapore



**"Strategy 2050 will result in an increase in the types of industries being developed in Kazakhstan. With such a diversification, there will be more opportunities for both inbound and outbound investment for companies in both countries."**

—KONG XIE SHERN, associate, Baker McKenzie Wong & Leow, Singapore



Shern adds that the MoU and other treaties such as the bilateral investment treaty signed by Singapore and Kazakhstan in November 2018 came at a most opportune time with Kazakhstan now headed toward economic diversification.

“Kazakhstan’s economy has been traditionally dominated by oil and gas and Kazakhstan’s government has recently launched the Strategy 2050 which we understand is geared toward a diversification of its economy including a push toward developing a knowledge-based economy,” he says. “Naturally, this will result in an increase in the types of industries being developed in Kazakhstan. Generally, with such a diversification, there will be more opportunities for both inbound and outbound investment for companies in both countries. This will also lead to an increase in legal work to support such investments.”

Tagbergenova adds, “The agreement could boost the development of economic relations between Kazakhstan and Singapore. Consolidation and development of financial market as well as creation of favourable environments and new opportunities for commercial organizations and enterprises would also benefit the local economy.”

Akhmetova also says that Kazakhstan will serve as a guarantor for businesses in IP protection.

“Our most important expectation from this agreement is the development of innovative ideas for the management of intellectual property. Bilateral cooperation in the field of investment protection between Kazakhstan and Singapore and cooperation in the areas of financial technology, construction, education, petrochemical, gas and food industries are intensifying. We believe Singapore’s achievements in the field of intellectual property will have a great impact on Kazakhstan’s economy, provide an impetus for innovations and inventions, develop and bring Kazakhstani legislation to international standards,” says Akhmetova.

Chang also believes the MoU will have a positive impact in the entire ASEAN region.

“By reaching out to Kazakhstan in this manner, Singapore is promoting our strength in IP protection. Since Singapore is part of ASEAN, this is good publicity for ASEAN. Other ASEAN countries may, as a result, try to achieve what Singapore has achieved,” says Chang.

Shern thinks otherwise. He mentions that there had been attempts in the past to harmonize the IP ecosystem in the region. But such attempts failed. “As such, the MoU will unlikely have much of a foreseeable impact on the IP ecosystem in general,” he says.

Akhmetova also expresses her own reservations especially with regard to patents.

“As Singapore is an innovative and strong country in the field of new technologies, cooperation with Singapore will help strengthen innovative exchange between the countries,” she explains. “However, one should not expect a quick solution to the problem in the field of patents in Kazakhstan as the development of this area depends on the industrial development of the economy of Kazakhstan.”

Nevertheless, for Chia, it is only timely that efforts are being taken to find ways to strengthen innovation flows between Southeast Asia and Eurasia.

“We hope that such partnerships will increase awareness of new opportunities for IP-intensive enterprises in our respective regions and provide a supportive IP-enabled ecosystem for such enterprises to grow in overseas markets,” he says.

Among Central Asian countries, Kazakhstan is Singapore’s largest trade partner. In 2017, bilateral trade between the two economies reached S\$133.6 million (US\$98 million). Both countries are also part of the Eurasian Union-Singapore Free Trade Agreement, which also covers e-commerce and IP. Talks for the agreement are now ongoing. [AIP](#)





# SCOURGE



Brand owners have taken notice that the sale of counterfeit goods is spreading rapidly in e-commerce marketplaces.

**Espie Angelica A. de Leon** reports from Manila that criminals are exploiting the love of social media in the Philippines to sell fake goods.

**T**he past several years have seen counterfeit goods rapidly making their way from physical stores to the online space.

In some countries like the Philippines, this may cause additional problems. In January 2018, the Philippines became the 48th country to offer the Marketplace feature of Facebook to its users. Through Marketplace, Facebook users may sell and buy goods and cross-post from similar sites.

Facebook's global popularity is undeniable. The Digital 2019: Global Digital Overview report by creative agency We Are Social and social media management platform Hootsuite indicate that there are 3.48 billion social media users around the world this year. Of these, over 2.71 billion are Facebook users.

In the Philippines, the popularity of Facebook is even greater. According to the Pew Research Center, more Filipinos are using Facebook than any other

social media platform. The research firm conducted a survey on 11 countries including the Philippines and found that 58 percent of Filipino adults use Facebook. Instagram came in at a distant second with 10 percent.

Additionally, the Digital 2019 report said that Filipinos usually spend more than four hours on social media platforms per day – the most by any nationality.

E-commerce is also alive and well in the Philippines. According to the German online statistics portal Statista, revenues from e-commerce activities in the country climbed from US\$688 million in 2017 to US\$840 million in 2018.

## **Crackdown on unregistered retailers and infringers: the scourge**

However, social media usage in the Philippines has reared its ugly head. Several retailers on Marketplace have been found to have stores that are not registered with the Department of Trade and Industry (DTI).

This will cause problems if these retailers are selling counterfeit goods. Authorities investigating intellectual property or IP violations will have a hard time tracking down these sellers if they are unregistered.

Monitoring such illegal activities is hard to begin with because of the millions of sellers online, says Editha R. Hechanova, president and CEO of Hechanova & Co., Inc. and managing partner of Hechanova, Bugay, Vilchez & Andaya-Racadio in Manila.

Worse, some retailers do not even provide their real names or their complete addresses and other such details on the platform, says Vida M. Panganiban-Alindogan, partner and IP department head at SyCip Salazar Hernandez & Gatmaitan in Manila.

Unlike a business owner with a brick and mortar store, an online seller is hard to police and trace. When there is a physical store, authorities – or even an interested buyer – can just go to the place to check if the products being sold are indeed fake, whether it is an actual store or a merely a garage turned into a “display room.”

The same cannot be done with an online marketplace like Facebook or other social media channels. It’s a different world altogether, says Panganiban-Alindogan, one that is hard to navigate.

“Another issue is whether you’re violating the copyright of the owner,” she says.

Perhaps the bigger problem is that there are no specific legal provisions on sales made on social media platforms. Thus, so far, no Supreme Court decisions in connection with the issue have been promulgated.

“Hence, one has to go through the process of making sample purchases to determine whether [these are] counterfeit or not, identify these sellers, then file a complaint whether criminal, administrative or civil,” says Hechanova. “Without the physical evidence of the counterfeit goods, and the identity of the sellers and their addresses, such actions are futile. Some government agencies such as the Philippine National Police and the National Bureau of Investigation conduct entrapment activities to catch these online sellers.”

As for filing complaints, some social media platforms like Facebook do have mechanisms in place. These mechanisms – in the form of counterfeit report forms and the like – facilitate the shutdown of the offending website or web page. “Most trademark owners are satisfied with this action,” says Hechanova.

As far as her firm’s experience with Facebook is concerned, Hechanova says that the platform takes appropriate action. In less than a week, Facebook has taken down illegal content from its website.

So despite these challenges, can a trademark owner go against the social media platform itself?

When it comes to counterfeit goods, it’s usually trademark laws which come into play, says Hechanova. However, the law on copyright under

the IP Code or Republic Act No. 8293 may apply to contributory trademark infringement.

Section 159 of the IP Code deals with the innocent infringer as a limitation to actions for infringement. This section, however, involves only printers or publishers. Plus, the remedy offered is merely an injunction against future printing of the offending advertisement of the infringing products.

“What can be looked at is Republic Act. No. 10372, which took effect in 2012 amending certain provisions in the IP Code, particularly those affecting copyright,” Hechanova says.

The amendments are as follows:

Sec. 216. Infringement. – A person infringes a right protected under this Act when one:

1. Directly commits an infringement;
2. Benefits of the infringing activity of another person who commits an infringement if the person benefiting has been giving notice of the infringing activity and has the right and ability to control the activities of the other person;
3. With knowledge of infringing activity induces, cause or materially contributes to the infringing conduct of another.

“Under 216(b), the social media platform – which has the right and ability to control those that subscribe to it – could be held accountable for contributory infringement, provided it has benefited from the infringing activity and has been given notice,” says Hechanova.

However, Section 216 falls under the Copyright law portion of the IP Code.

Hechanova explains: “An amendment of the IP Code could clarify this, or the court can apply it by analogy, citing also Article 21 of the Civil Code which states that: ‘any person who wilfully causes injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage.’”

“But then,” she says, “there is the matter of hurdling the standard of ‘wilfully causing injury to another.’”

Hechanova also believes that IP laws in the Philippines should be expanded to cover all kinds of counterfeiting.

### Solving the problem: the latest score

For the meantime, it is important to get these businesses registered to help solve the problem of counterfeiting.

“At the end of the day, it’s supposed to be a business. You are supposed to be authorized,” says Panganiban-Alindogan.

The Intellectual Property Office of the Philippines (IPOPHL) has this in mind as it moves toward regulating businesses selling their products on e-commerce sites. First of all, IPOPHL vows to work closely with the DTL.



According to Ann Edillon, assistant director of IPOPHL's Bureau of Patents, the office recently liaised with DTI assistant secretary Jean Pacheco, who is tasked to oversee e-commerce. IPOPHL is a member of the DTI Technical Working Group, which is developing a new roadmap for e-commerce in the country.

"We made a suggestion to the DTI that a form of registration and monitoring for e-commerce retailers be put in place, and this will be included in the roadmap. The DTI is targeting to conclude the creation of the roadmap by 2019 and hopefully have it in place by 2020," says Edillon.

The agency has also been coordinating with the National Telecommunications Commission (NTC).

"We have agreed with the NTC to craft a protocol on enforcement regarding online selling platforms and vendors violating IP rights. A technical working group will be convened sometime this year," says Edillon, who assists IPOPHL director general

Josephine R. Santiago and the deputy director general on enforcement matters.

Furthermore, the office has always encouraged online selling platforms and vendors to adopt and implement their own IP policies. IPOPHL reiterated this in its latest focus group discussion (FGD) with representatives from the sector.

"Participants in the FGD, such as Facebook, Shopee, and Lazada have confirmed that they do have IP policies in place," says Edillon. "However, we note that different platforms have different approaches to IP. For example, one platform has a three-strike policy before suspending a vendor. Various sanctions include suspension of account, removal from the platform, and the like. All platforms reported receiving complaints regarding vendors selling allegedly fake goods and all of these complaints undergo internal procedures based on their IP policies."

Edillon also says that IPOPHL attends international meetings where it is evident that the

**"It is important to get businesses registered to help solve the problem of counterfeiting. At the end of the day, it's supposed to be a business. You are supposed to be authorized."**

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**"The Philippines has yet to institutionalize the direct take-down and blocking of online vendors and platforms engaged in activities violating IP rights. This is part of our proposed amendments to the IP Code which we have submitted to Congress. Hopefully, all our amendments, particularly those affecting enforcement, will be approved."**

—ANN EDILLON, assistant director, Intellectual Property Office of the Philippines, Bureau of Patents, Manila





issues of counterfeit goods sold online and how to effectively enforce the laws against these are almost universal.

“However, strength and enforcement of IP policies differ from country to country,” she says.

More than 10 years ago, luxury jewelry retailer Tiffany & Co. filed a lawsuit against eBay for trademark infringement. According to Tiffany, a large collection of counterfeit silver jewelry was being sold on the eBay website.

eBay countered that it undertook proactive measures to address the problem and to fulfill its legal obligations according to US trademark law.

In the end, the US District Court for the Southern District of New York declared eBay as not guilty of either direct or contributory infringement.

Aside from merely being a platform for buying and selling activities, the people behind eBay were initially unaware that a lot of counterfeit jewelry were available on their site. When they did receive complaints about the fake merchandise, they immediately took action by taking down suspected counterfeit listings.

In his 65-page ruling, District Judge Richard J. Sullivan wrote: “First, the Court finds that eBay’s use of Tiffany’s trademarks in its advertising.... is a protected, nominative fair use of the marks..... Second, the Court finds that eBay is not liable for contributory trademark infringement. In determining whether eBay is liable, the standard is not whether eBay could reasonably anticipate possible infringement, but rather whether eBay continued to supply its services to sellers when it knew or had reason to know of infringement by those sellers.....The result for the application of this legal standard is that Tiffany must ultimately bear the burden of protecting its trademark.”

“The 2010 case of *Tiffany v. eBay* may well serve as guide to our judges,” says Hechanova. “In said case, the court found that ‘there was no feasible way that eBay could further ‘control’ the infringement on its platform beyond the efforts it was already taking, without specific knowledge of which particular listings were infringing or would infringe in the future.’ eBay then had an established notice and take-down procedure, invested on anti-counterfeiting measures, and took steps to remove counterfeit Tiffany products.”

Another e-commerce site, China’s Alibaba Group, remains on the US government’s watchlist of “notorious markets.” According to the Office of the US Trade Representative, Alibaba’s Taobao.com marketplace continues to sell large amounts of pirated products. In fact, there have been reports that 67 percent of products on Taobao.com are counterfeits.

A few years ago, Alibaba figured in a suit filed by Yves Saint Laurent and Gucci. Fake Gucci bags were being sold on AliExpress for US\$2-US\$5. The retail price tag for originals were US\$795 at the lowest.

Amazon had also been selling counterfeit goods on its site. The online shopping platform was found to be selling replica Chanel merchandise. For the infringement, Chanel sued 24 independent sellers on Amazon. The luxury brand was awarded US\$100,000 in damages for each replica item on Amazon.

Edillon laments the fact that in ASEAN, only a few jurisdictions have strict monitoring mechanisms for online platforms and vendors.

“The Philippines has yet to institutionalize the direct take-down and blocking of online vendors and platforms engaged in activities violating IP rights. This is part of our proposed amendments to the IP Code which we have submitted to Congress,” she says. “Hopefully, all our amendments, particularly those affecting enforcement, will be approved.” **AIP**





## ANTICIPATION BY PRIOR CLAIMING IN INDIA: **The law and the practice**

Whether lack of novelty is assessed by prior publication or prior claiming, it is the requirement of Indian law that there should be a clear and unmistakable direction for the invention in the prior art. *Rajeev Kumar* explains why the principle is often disregarded.

**I**ndian patent laws recognize two different categories of published prior arts for anticipation, or assessing lack of novelty. The first category is a prior published document, i.e., a publication anywhere in the world before the date of filing of the complete specification being examined. As India follows absolute novelty criteria while examining novelty of a claim, a prior published document or patent application in India or elsewhere

would constitute a prior art for assessment of novelty.

The second category of published documents which have been recognized by Indian patent laws for assessment of novelty is a patent application, but with the restriction that said patent application should have been filed in India, and should claim the invention being examined, i.e., anticipation by prior claiming.

## The law

Under Section 13(1)(b) of the Patents Act, 1970, an examiner has to search for anticipation by prior claim, i.e., it has to be assessed whether the claim being examined “is claimed in any claim of any other complete specification published on or after the date of filing of the applicant’s complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before or claiming the priority date earlier than that date.”

However, there have been instances where the examination has resulted in incorrect refusal or revocation under prior claiming. This is despite the explanation provided in the manual of patent office procedure and examination guidelines. The guidelines issued by the Indian patent office indeed differentiate between anticipation by prior publication and anticipation by prior claiming.

The Guidelines for Examination of Patent Applications in the Field of Pharmaceuticals, issued by Office of the Controller General of Patents, Designs & Trade Marks (CGPDT) in October 2014, explains the assessment of anticipation and differentiates between the assessment by prior publication and by prior claiming.

An invention will be patentable only if it is new in the light of prior art, or is not anticipated by prior art. The *prior art includes all information and knowledge relating to the invention, which is available in any publication before the date of priority of the patent application*. For the purpose of examination, an invention will not be new; if it forms part of the prior art or has entered in public domain. For anticipation, such publication must be before the date of priority of the claim under consideration. Also, *any application for patent filed in India, but published after the date of filing of a subsequent application for patent in India claiming the same subject-matter shall be treated as a prior art (i.e. prior claiming)* to the said subsequent application provided that the previous application has earlier priority date. The prior art document must be enabling i.e. there should be a clear and unmistakable direction for the invention in the prior art.

The examination guidelines have clearly distinguished a prior art that can be cited for anticipation under prior publication from a document that can be cited under prior claiming. Under prior claiming, a document should be a patent application filed in India, having a priority date earlier than the patent application being examined, but published later. For such a prior art, the Guidelines also clearly state that *the prior art patent application in India should claim the same subject-matter*. Under anticipation by prior claiming, only the claims of the cited prior art are relevant and not the whole description. The subject matter of the claim being examined should have been claimed in the cited prior art and, if it is not claimed, but only disclosed, then it may not form a valid prior art.

Even the Manual of Patent Office Practice and Procedure, modified in March 2011, differentiates anticipation by prior publication and prior claiming.

While ascertaining novelty, the Examiner takes into consideration, inter alia, the following documents:

- which have been *published before* the date of filing of complete specification.
- such *Indian patent applications* which have been filed before the date of filing of complete specification and *published on or after the date of filing of the complete specification, but claims the same subject matter*.

The issue of anticipation by prior claiming has also been considered by the Intellectual Property Appellate Board (IPAB) in its Order No. 118 of 2014. The IPAB has recognized that under Section 13(1)(b), the prior patent application should claim the subject matter for anticipation.

25. We find the respondent was wrong in considering WO 03/042491 on two counts. Firstly WO 03/042491 was not an application made in India (even if for considering as anticipation by prior claiming) and secondly it was not a document published before the date of the impugned application for considering as anticipation by previous publication. The prior art status of a ‘prior claiming’ patent application is not same as the prior art status of a published document. If we see section 25 (1) (e) which related to inventive step determination ...we find ‘...obvious and clearly does not involve any inventive step having regards to matter published as mentioned in clause (b) ...before the priority date of the applicant’s claim’. This clearly indicates that the documents published before the date of patent application are only relevant for assessment of inventive step.
26. The priority date of a document published latter cannot be equated with the date of its publication for purposes of consideration as prior art in determining novelty and inventive step. We find the respondent wrongly considered WO 03/042491 as prior art which was published after the impugned application for the purpose of novelty and then used it for determination of inventive step. This fact is sufficient to set aside this order.
27. Accordingly we are constrained to setting aside the impugned order dated 11/05/2009 by allowing the appeal. Consequently, we remand this case back and direct the respondent to re-consider the matter. The respondent shall not consider the WO 03/042491 as prior art and shall decide the matter afresh as per law within three months from the date of receipt of this order.



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The appellant shall be given reasonable opportunity to present his case again.

Looking at the provisions of patent laws and the guidelines and the IPAB order, it can be considered that, to be cited as a prior art under prior claiming, a prior art document has to qualify the following criteria:

- It should be a complete specification;
- Said complete specification should have been filed in India;
- Said complete specification should have been published on or after the complete specification being examined;
- Said complete specification should have a filing date or a priority date earlier than the priority date of the complete specification being examined; and
- Said complete specification should claim the invention being examined.

Under prior claiming, all the above criteria should be satisfied for validly raising a ground of anticipation, and in absence of even one criterion

anticipation by prior claiming does not hold good.

### The practice

There have been cases where the above criteria are not fully considered while raising an objection of anticipation by prior claiming. In some instances, a document which is not an Indian complete specification is cited as a document for anticipation by prior claiming, disregarding the fact that the law requires an Indian application and not any foreign application to be cited for anticipation by prior claiming. Another usual criteria which is disregarded while citing a document for anticipation by prior claiming, is reference to the text description or examples of the cited document, and not establishing that the invention being examined is unambiguously claimed in the cited prior application.

Indian patent application No. 991/MUMNP/2003 was refused after considering a PCT application, which was published later than the priority date of IN'991, as a prior art for anticipation. While anticipation was discussed, the refusal of the application was based on the ground that the claims do not relate to an invention under Section 3(d) of





the Indian Patents Act, 1970. Said decision was then appealed by the applicant before the IPAB which, after hearing the appellant, remanded the application to the patent office for a fresh hearing. In said subsequent hearing, the PCT application was again considered, and portions from the abstract and description were cited to hold that the prior art discloses the compound of IN'991. Although this time the controller referred to the Indian corresponding patent for anticipation by prior claiming, he did not cite any claim of the Indian patent, but rather referred to Claim 20 of the PCT application. Also, the flaw in assessing anticipation is seen by the way the assessment under Section 3(d) (new form of a known substance) was mixed with assessment of novelty under prior claiming. The findings of the controller were that "the applicants are same for both the application, it shows the applicant's claim in instant invention is priorly claimed in India having priority of US 60/170,179 dated 10.12.1999 as prior claim except the fact that the compound claimed is merely the enantiomer of the compound of application No. IN/PCT/2002/00588/DEL, wherein significant efficacy has not been established by the applicant in the specification as well as through their arguments."

The above observation of the controller indicates that indeed the enantiomer of the compound of application No. IN/PCT/2002/00588/DEL was not disclosed in said prior art, but citing the absence of significant efficacy, the enantiomer of IN'991 was deemed to be a known substance and accordingly was assessed to be lacking in novelty. The grounds of anticipation by prior claiming and not an invention under Section 3(d) are two different grounds, and using the tool of absence of enhanced efficacy for alleging an invention to lack novelty is an inappropriate extension of the provisions of Section 3(d) to assessment of novelty.

The ambiguity or inappropriate considerations while assessing anticipation by prior claiming again came up in a recent post-grant opposition decision, revoking Indian Patent No. 276026. The application was examined and eventually granted after a hearing. During examination, two PCT applications (WO 2004/080980 and WO 2005/016894) were cited as prior art for lack of inventive step.

The controller had examined and considered that said prior arts do not teach the invention being examined, and hence proceeded to grant a patent. Later, a post-grant opposition was filed, wherein the corresponding Indian patents (IN 232653 and IN 240560, respectively) of said PCT applications were cited under the ground of anticipation by prior claiming. Interestingly, both the PCT applications were published prior to the priority date of IN 276026 and were already cited as prior published arts and, in addition to that, their corresponding Indian patents were cited for anticipation under prior claiming. The Opposition Board considered these arts and

opined that the ground under prior claiming is invalid. The Opposition Board even considered the PCT applications under prior publication and held that even these arts do not anticipate the claims of IN 276026.

But after hearing the patentee and the opponent, contrary to the recommendations of the Opposition Board, the controller held that the claims of IN 276026 are anticipated by IN 232653 and IN 240560. In the decision to revoke IN 276026, a comparison of two Markush structures had been done and the various permutations and combinations with respect to the recited substitutions had been read to reach to the conclusion that the Markush structure claimed in IN 276026 was narrower to the Markush structure claimed in IN 240560, and hence there is anticipation.

### The confusion

Whether lack of novelty is assessed by prior publication or prior claiming, it is the requirement of law that the prior art document must be enabling, i.e., there should be a clear and unmistakable direction for the invention in the prior art. Such an important aspect usually seems to be missing while assessing anticipation. The above examples indicate that often while assessing novelty, the principle that the alleged invention should be unambiguously claimed in the prior Indian patent application is disregarded. Instead, it is incorrectly assessed whether the alleged invention falls within the scope of a claim of the prior art, even if the specific alleged invention is not claimed or disclosed in the prior art. **AIP**

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### ASEAN Revisiting long-established concepts on independent and dependent patent claims in Singapore

The Intellectual Property Office of Singapore (IPOS) has recently announced in its newsletter dated August 14, 2019, that the current practice of examining independent and dependent claims as provided in the Examination Guidelines for Patent Applications (April 2019 version) continues to be in force.

This newsletter has been circulated in the light of feedback received by IPOS on a recently decided case before the Court of Appeal of Singapore, *Sunseap Group Pte Ltd & 2 Ors v. Sun Electric Pte Ltd* [2019] SGCA 4, where certain statements in the judgment seem contradictory to the established patent practice in Singapore and elsewhere.

#### Background of the case

The Court of Appeal in the *Sunseap* Case made some observations on the relationship between independent and dependent claims at Paragraph [70] of its decision. The Court of Appeal's statement which caused some concern among the patent practitioners is as follows:

*Paragraph [70]: "However, in addition to the above, there is at least one other scenario where the patent should be revoked. This is the scenario where all the independent claims in a patent have been found to be invalid. This presupposes that the patent-holder has alleged infringement of all the independent claims in the patent and that the defendant has in turn challenged the validity of all the independent claims by way of defence. If the court finds in the defendant's favour that the independent claims are invalid,*

*it follows that the dependent claims must also fall. This is because, as the nomenclature suggests, dependent claims (or "subsidiary claims") refer back to the independent claim and incorporate all its features (see Lee Tat Cheng v. Maka GPS Technologies Pte Ltd [2017] 3 SLR 1334 at [104]).*

*Thus, in practical terms, once the defendant succeeds in establishing that all the independent claims in a patent are invalid, the dependent claims must necessarily fall away and the patent as a whole must be regarded as invalid. In such circumstances, it would also be proper for the High Court to exercise its power under Section 91(1) read with Section 80 to order that the patent be revoked."* (Emphasis added.)

This statement by the Court of Appeal seems to contradict





the long-established concepts on independent and dependent claims in Singapore as explained in the examination guidelines.

### Interrelationship between independent and dependent claims

Discussion on the issue of independent and dependent

claims can be found, for example, in Paragraphs 2.45 to 2.51 of the examination guidelines. According to the examination guidelines, the broadest claim in an application is normally an independent claim and it defines all of the essential features of an invention. A dependent claim can depend upon one or more independent claims or one or more dependent claims. It normally contains additional features which narrow the scope of monopoly of the claim. Based on these definitions, it can therefore be deduced that the scope of an independent claim is different from that of the dependent claim. Paragraph 2.50 of the examination guidelines, for example, explains that, when Claim 2 is dependent on an independent Claim 1, all features of Claim 1 are imported into Claim 2. Consequently, the scope of Claim 1 is then narrowed to the features as indicated in Claim 2. This goes to show that the scope of monopoly of Claim 1 is not the same as that of Claim 2. This concept is also indicated at Paragraph 9.13 of the examination guidelines, which states that if the examiner subsequently finds that the final results have not provided a positive indication on an independent claim but have indicated that a dependent claim is allowable, the examiner will issue a written opinion, thereby allowing the applicant to amend claims to incorporate the allowed dependent claim into the independent

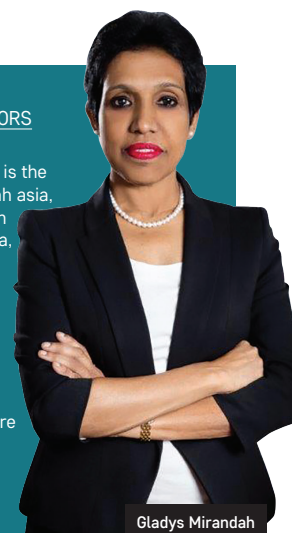
claim during supplementary examination. Hence, it does not follow that if an independent claim is found to be invalid or not allowable, the dependent claim automatically becomes rejected or invalid as the scope of each claim is assessed separately in view of the additional features found in the dependent claim.

The above approach continues to be valid as confirmed by IPOS. It remains to be seen, however, whether this position will be changed in the future. In the meantime, patent practitioners can rely on the aforementioned paragraphs of the examination guidelines in assessing the validity of independent and dependent claims. **AIP**



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## INDIA

### Anti-counterfeiting in India

In the recent age of technological advancement and innovations, counterfeiting has become a global epidemic having a substantial impact on the world economy. As per the latest survey of the Authentication Solution Providers' Association (ASPA), a self-regulated, non-profit organization formulated with the sole objective of combatting the fake, counterfeit and fraudulent goods circulating in the market, it was reported that Indian economy loses around Rs1 trillion (US\$14.1 trillion) every year to the counterfeit market.

### Statutory and legal framework governing counterfeiting

**The Trade Marks Act, 1999.** The Trademarks Act is the principal legislation governing trademarks in India. The act provides both civil and criminal statutory remedies against the infringement of a registered trademark. The act also recognizes the right of an unregistered trademark owner under common law to take civil action for passing off, even against a registered trademark, provided that the unregistered trademark owner is a prior user.

#### The Copyright Act, 1957.

Copyright is the property right in the original work of authorship fixed in any tangible medium of expression wherein the owner of the copyright is given exclusive right to reproduce, adapt, distribute, perform or display the work. In harmony with the Berne Convention, registration of copyright is not compulsory for the purpose of enforcing it, although a registration serves as *ex facie* evidence of the particulars incorporated in the registration certificate. The Copyright Act provides statutory civil and criminal remedies against copyright infringement. No registration is required for initiation action for copyright Infringement.



**The Designs Act, 2000.** A design may include the features of the shape, ornament, pattern, configuration or composition of lines or colour in 2-D, 3-D or in both forms, manufactured by an industrial process or means. Remedies are of a civil nature only and no criminal liability is prescribed. Terms of copyright in design shall subsist for 10 years, which can be subsequently renewed for another five years.

**The Geographical Indication of Goods (Registration and Protection) Act, 1999.** A geographical indication (GI) is an indication attached to the goods with respect to its geographical origin or manufacturing place. These goods may include agricultural, natural or manufactured goods. The act

provides for both civil and criminal remedies. The term of protection for a GI is 10 years, which may subsequently be renewed upon its expiry.

### Counterfeiting in cyber space The Information Technology (Intermediary Guidelines) Rules,

**2011.** The Intermediary Guidelines Rules, 2011, read with the Information Technology Act 2000, require intermediaries to regulate users hosting contents on their platforms. The guidelines impose a duty on the intermediaries to conduct a due diligence over the content posted by the users by informing about the restrictions as under the intermediary guidelines. In order to encourage IP protection in cyber space, Section 3(2)(d) of the guidelines imposes a duty on





intermediaries to inform the users through rules and regulations, terms and conditions and user agreement not to host, display, modify, publish, transmit, update or share any information that infringes any patent, trademark, copyright or any other proprietary rights.

### **Legal remedies available against counterfeiting in India**

An affected party can enforce its intellectual property rights against an infringer by way of civil action, criminal action or enforcement through the customs authority in India.

**Civil remedies.** Civil remedies for infringement of IPRs are governed by the Code of Civil Procedure, 1908. In early

2016, in addition to the Code of Civil Procedure, the Commercial Courts Act, 2015 was brought into force with an objective of providing efficient redressal of commercial matters by setting up the commercial courts at the district level and at the High Courts having original jurisdiction. Disputes involving IP matters are covered within the ambit of the Commercial Courts Act. The most significant development under the Commercial Courts Act is the introduction of the concept of summary judgment. Under summary judgments, the court can pass a final order without requiring oral evidence if the court is convinced that the other party does not have any chance to succeed in the matter. Therefore, anti-counterfeiting cases are the best fit for the purpose of invoking summary judgment, which can substantially reduce the timeframe of the suit and thereby facilitate effective and efficient remedy to the affected party. The reliefs which can be granted under the civil action are as follows:

- **Temporary/*ex parte* ad interim injunction:** A court may grant a temporary or *ad interim* injunction without notice to the defendant if the court is satisfied that any delay in granting injunction could result in irreparable loss of profit and reputation to the rightful owner of the intellectual property rights.
- **Anton Piller Order:** In addition to the *ex parte* injunction, the court may also appoint local commissioner(s) for the purpose of seizing and/or making an inventory of the infringing goods.
- **John Doe Order:** Under this order, the court may empower the local commissioner to enter the premises of unnamed defendants for the purpose of seizing infringing material on the basis of suspicion that infringing material could be recovered from such premises.
- **Books of accounts and profits:**

In addition to the seizure of infringing material, the court may pass an order for seizure of books of accounts and profits of the defendant to assess the extent of infringing activities for the purpose of calculation of damages.

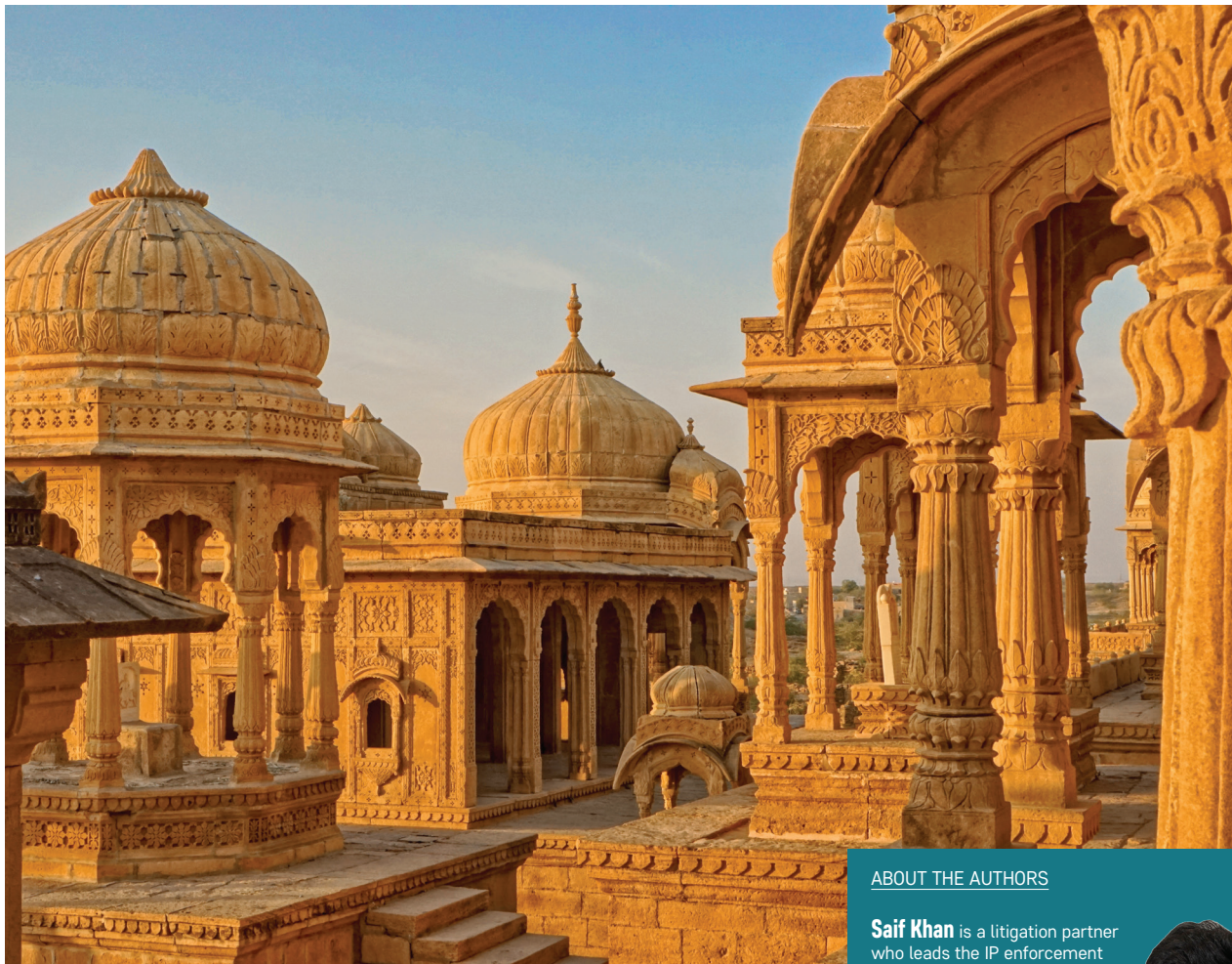
- **Permanent injunction:** The court may pass an order to permanently injunct the defendant from manufacturing and/or dealing in the infringing material in any matter.
- **Damages and actual costs:** The court may, upon assessing the extent of infringing activities, direct the defendant to pay damages to the rightful proprietor of IP rights as it may deem fit in the interest of justice and actual costs of litigation.

**Criminal remedies.** Criminal remedies for the violation of intellectual property rights are only available in the cases pertaining to the Trade Marks Act, 1999, the Copyright Act, 1957, the Geographical Indication of Goods (Registration and Protection) Act, 1999, the Protection of Plant Varieties and Farmers' Rights Act, 2001 and under the Information Technology Act, 1999.

A criminal action may be initiated against the infringing party either by way of lodging a First Information Report (FIR) with the police or filing a complaint before the competent magistrate. If the offence committed is cognizable, then the police officer is empowered to carry out a search and seizure and arrest the offender without a warrant. Under a criminal action, the offender may be sentenced to imprisonment for the term as may be specified under the concerned statute (which in most cases may extend up to three years) or with fine or with both.

Criminal law in India also provides for concept of a plea bargain. A plea bargain is an agreement resulting out of a successful negotiation between the victim and the accused in order to





settle a criminal case in exchange for a lenient punishment. The accused may file an application for plea bargaining before the magistrate during the pendency of a trial stating a brief description of offences and providing an affidavit sworn by the accused that he has voluntarily preferred, after understanding the nature and punishment of the offence, plea bargaining and that he has not previously been convicted of the same offence. It is to be noted that the accused shall apply for a plea bargain voluntarily and not under any undue influence by anyone, as the same could be rejected by the court if it is found that the application was filed involuntarily or that the accused has been convicted of the same offence previously. Further, the consent of complainant or victim is also important for the proceeding of plea bargaining. The provisions related to plea bargaining are

provided under Chapter XXI-A from Sections 265-A to 265-L of the Criminal Procedure Code, 1973.

**Enforcement through customs.** In order to prevent the importation of infringing material into India, the rights can be registered with the Indian Customs under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 read with the Customs Act. Subsequent to this registration, the Commissioner of Customs, if satisfied that material being imported would infringe the Registrant's IP rights, may seize the consignment of the infringing materials at the customs port and initiate proceedings against the importer. The final order can include absolute confiscation of the offending goods along with fines on the importer, which could be twice the value of the imported goods. **AIP**

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**Saif Khan** is a litigation partner who leads the IP enforcement team at Anand and Anand. Prior to joining Anand and Anand, he worked with British Petroleum (on the rolls of Castrol India) for nearly two years as manager – legal trademark operations. He has also practiced as litigation counsel for four years. Khan has experience conducting enforcement actions, customs and border recordal, anti-piracy and anti-counterfeiting actions, both criminal and civil). He has experience working, coordinating and liaising with law enforcement agencies to ensure focused solutions for IP infringement.



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INDIA

### Proof of right: PCT applications designating India

India's Patents Act, 1970 sets-out the kinds of persons entitled to apply for patents in India which includes *by any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application* [Section 6 sub-Section (1) of the act].

This provision is made subject to Section 134 of the act, i.e. it excludes nationals of countries which do not accord the citizens of India the same rights in respect of grant of a patent and the protection of patents rights as it accords to its own nationals.

Of course, the act permits the patent application to be made by any of the persons entitled either alone or jointly with any other person so entitled [Section 6 sub-Section (2) of the act].

The discussion herein pertains to cases where the applicant(s) [person(s) claiming to be '*person(s) entitled*'] for making a patent application in India from a PCT (Patent Cooperation Treaty) is/are the assignee of the person(s) claiming to be the true and first inventor in respect of the right to make such an application.

The act provides that "*Every international application under the Patent Cooperation Treaty for a patent, as may be filed designating India shall be deemed to be an application under this Act, if a corresponding application has also been filed before the Controller in India.*" [Section 7 sub-Section (1A) of the act]. However, at the same time, the Indian Patents Act provides that *where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application, or within 6 months after the filing of the application*" [Section 7 sub-Section 2 of the act and Rule 10 of the Patents Rules, 2003]. The Patents Rules, 2003 clarify that



the six-month period in case of an application corresponding to an international application (PCT application) in which India is designated shall be reckoned from the actual date on which the corresponding application is filed in India.

Guidance by the Indian Patent Office on what constitutes proof of right is provided in the Manual of Patent Office Practice and Procedure, Version 3.0 issued March 1, 2019, i.e. by way of an

endorsement in the application form (Form 1) or an assignment deed (i.e., in written form). The assignment deed may be in original or a copy thereof duly authenticated.

Furthermore, in practice, employment agreements which explicitly state that the intellectual property is to be transferred to the employer (or applicant) are also acceptable. When the agreement does not contain an explicit clause, there have been a few instances



where the applicant has been able to successfully establish proof of right. However, such instances are limited to countries whose national laws provide that inventions would be assigned to the employers if made during the course of employment.

The Intellectual Property Appellate Board (IPAB) in Order No. 252 of 2013 dated October 28, 2013, in *OA/39/2011/PT/CH (NTT DoCoMo Inc. v. The Controller of Patents and Designs)* was of the view that the applicant in respect of a PCT application designating India ought to furnish documents to prove that the applicant either has gotten worldwide assignment or at least whether the applicant has gotten the right to make the application in India from the inventor or not. Such right to make an application in India can also be by way of endorsement by the inventors in the Application Form-

1, i.e., the applicant has to obtain the signature from the inventors in column 9(i) of Form-1.

Thus, in spite of the PCT provisions, i.e., PCT Rule 4.17(ii) or PCT Rule 51bis. 2(ii), which provide instances where submitting proof of right is not required at the designated office unless veracity of the same is questioned, submission of a document evidencing proof of right in respect of the Indian designation from a PCT application on entering India is recommended. This is because the IPAB has upheld the view of the Controller of Patents in Order No. 252 of 2013, that documentary evidence of the proof of right to apply for a patent in India even applies to a designation in India from a PCT application. The aforesaid order of the IPAB was in an appeal from an order of the Controller of Patents wherein the issue of discussion of this article arose. **AIP**

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**Sanchita Ganguli** has been practicing as patent attorney for more than 16 years. She heads the life sciences patent prosecution practice at S Majumdar & Co and is also involved in contentious proceedings before the patent office and IPAB. She is associated with various organizations engaged in IPR promotion, including the Government of India. She also is a guest faculty in several institutions, including TIFAC. She is a member of the Asian Patent Attorneys Association (APAA) (Indian Group).



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