



Intellectual Property Rights (IPR) Course & Tool Kit for Business Incubators

DAY 1

Session 1: IP Basic Definitions

USEFP PUAN Grantee: Ammara Farooq Malik

M.A. Politics (PU), LL.M. (University of London), Doctoral Candidate EDBA, Netherlands.
Advocate High Courts, U.S. IVLP Alumna
Partner, AFMalik Law- Advocates & International Development Consultants

With

Barrister Ahmad Farooq Malik

Lincoln's Inn, UK., LL.B. (University of Sheffield, U.K.), Advocate High Courts.
Partner, AFMalik Law- Advocates & International Development Consultants

April 2019



DAY 1

Session 1: IP Basic Definitions

Session 1 Outline:

Discussion (45 mins.):

A. Basic definitions

1. Patents
2. Copyrights
3. Trademarks
4. Industrial design
5. Trade secrets

B. Business process and IP in each process step

C. How IP infringements affect business & consumers

D. Advantages of IPR

Q & A: 5 mins



Introduction to course and IPR (Intellectual Property Rights)

This tool kit has been designed as a beginner’s course on Intellectual Property Rights (IPR) in Pakistan for business owners, startups and those interested in doing business in Pakistan or create business linkages with the United States.

For additional details, please refer to the materials on the U.S. Embassy website here:

https://pk.usembassy.gov/embassy-consulates/islamabad/sections-offices/intellectual-property-rights/?_ga=2.83778518.1330025273.1537685238-1863504661.1533211059

A. IP Basic definitions

1. Patents

“A patent for an invention is grant of exclusive rights to make, use and sell the invention for a limited period of 20 years. The patent grant excludes others from making, using, or selling the invention. Patent protection does not start until the actual grant of a patent. A patent cannot be obtained on a mere idea or suggestion. Patent applications are examined for both technical and legal merit.”¹

“Invention” means any new and useful product or process, in any field of technology and includes any new and useful improvement of either of them;²

Any invention is patentable, if it meets the following 3 requirements³:

- i) Is new/novel and does not form part of the state of the art;
- ii) Involves an inventive step; and
- iii) Is capable of industrial application.

In Pakistan, patents are applied mainly for products and processes for medicines/pharmaceuticals, industrial machines, electronics.⁴ Unlike the practice in the US, IT related software is not patentable under the Patents Ordinance 2000 in Pakistan. Specific exclusions are covered in section 7 of the Ordinance.⁵

Example:

In Earth Factor (Pvt) Ltd and 2 others v. Patent Office, IPO Pakistan through Controller and others [2014 CLD 897] a patent was sought for the ‘Rockville Double

¹ http://www.ipo.gov.pk/patent_faqs. Web accessed 12th April, 2019.

² Patents Ordinance 2000, http://ipo.gov.pk/system/files/%28112%29PatentsOrdinance2000_Amendmentsfinal_0.pdf,

³ Sections 7, 8 & 9, *Ibid.*.

⁴ <https://afmalik-law.com/patents-registration-in-pakistan/>, Web accessed: 14th April 2019.

⁵ Please refer to FAQs document in this IPR Tool Kit.



Number SIM' which was accepted by the Patent Office. However, the decision to grant the patent was challenged because the technology had already existed since 1990 and was in use in other countries and therefore the application did not meet the criteria of novelty.

A Sindh High Court judgement held that dual number SIM is not patentable, "as dual number SIM is not new to the world and would not fall within the legal as well as literary definition of invention and novelty and its acceptance would not be in consonance with established principle of law under Patents Ordinance, 2000."

2. Copyrights

"...copyright can be defined as the sole and exclusive liberty of printing or otherwise multiplying copies of any literary, dramatic, musical and artistic works. It exists in original literary, dramatic and musical works, and cinematograph films and records. For the purposes of Copyright Ordinance, there has to be some intellectual property, literary work, script, lecture, musical work, photograph, cinematograph work and others and the original owner thereof."⁶

Copyright, as defined in Section 3 of the Copyright Ordinance, 1962, as an 'exclusive right' by virtue of the use of literary, dramatic, musical, artistic or cinematographic works and examined further through examples as covered by the Ordinance.⁷

Example:

In Safdar Hussain v. Mst. Noshi (Nishat) Gillani and others [PLD 2016 Lahore 563], Noshi Gillani transferred all legal rights of her book for publication and publicity to Safdar Hussain. The agreement did not stipulate a time period for this transfer of rights. Safdar Hussain, as the publisher, invested money, incurred expenses, and paid a royalty to Noshi Gillani. Meanwhile, the writer allowed another party to publish the book and Safdar Hussain challenged that on the ground that he had the exclusive right for publication for an indefinite period of time.

The issue before the court was whether the right of publication can be given for an indefinite period of time or whether such right is limited to ten years. The Court held that in view of Section 14 of the Copyright Ordinance, 1962, the right was limited to 10 years, even if no period as such is mentioned in the transfer agreement.

⁶ The State v Muhammad Amin Haroon & Others [2010 PCrLJ 518]

⁷ <https://afmalik-law.com/meaning-of-copyright-in-pakistan/>, Web accessed: 11th April 2019.



3. Trademarks

“A Trademark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of the goods of one party from those of others. A service mark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of a service rather than goods.”⁸

A "trade mark" means any 'mark' (i.e. a device, brand, heading, label, ticket, name including person name, signature, word, letter, numeral, figurative elements, color, sound and combination thereof) capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.⁹

Example:

In Muhammad Ashraf alias Makkhan v. Muhammad Akram [2016 MLD 389], Muhammad Ashraf claimed that he had a registered the trademark “Makkhan Sweets & Bakers” and therefore had the exclusive right to use the word ‘Makkhan’. However, the Trade Marks Registry had allowed a Disclaimer on the word ‘Makkhan’ while allowing the registration of the trademark. The disclaimer stipulated that there were no proprietary rights on the word ‘Makkhan’ which means that it could be used by others without infringing on the trademark.

4. Industrial design

“An industrial design is the ornamental or aesthetic aspect of an article. The design may consist of three-dimensional features, such as the shape or surface of an article, or of two dimensional features, such as patterns, lines or color.

Industrial designs are applied to a wide variety of products of industry and handicraft: from technical and medical instruments to watches, jewellery and other luxury items; from house wares and electrical appliances to vehicles and architectural structures; from textile designs to leisure goods.

An industrial design is primarily of an aesthetic or visual nature, and does not relate to the technical features of an article.”¹⁰

“Design” means shape, configuration, pattern ornament applied to an article by any industrial process or means – features which, in the finished article, appeal to and are judged solely by the eye, but does not include a method or principle of construction

⁸ http://www.ipo.gov.pk/trademark_intro. Web accessed: 12th April, 2019.

⁹ See Sections 2(xxiv) & 2(xlvii) Trade Marks Ordinance, 2001.

¹⁰ http://www.ipo.gov.pk/design_intro, Web accessed 12th April, 2019.



or features of shape or configuration which are dictated solely by technical and functional considerations.¹¹

Example:

In ORO Industries and another v. Muhammad Hanif [2017 CLD 546],

ORO Industries claimed that it was the owner of the design of its pencils, which were sold under the brand ORO. Subsequently they found Muhammad Hanif using the identical design and appearance of the ORO pencils for his own pencils.

The court held that the design must have an element of newness or originality and in the absence of these, a design cannot be registered under the law. The test of newness or originality must be global, i.e. the design must be new or original all over the world. The color scheme and appearance of Muhammad Hanif's pencils were identical to that of ORO Industries, therefore he was stopped from selling them.

5. Trade Secrets

A trade secret is confidential business information which gives an enterprise a competitive edge. Trade secrets encompass manufacturing or industrial secrets and commercial secrets. The subject matter of trade secrets is usually defined in broad terms and includes sales methods, distribution methods, consumer profiles, advertising strategies, lists of suppliers and clients, and manufacturing processes. While what determines what a trade secret is depends on each individual case, clearly unfair practices with respect to secret information include industrial or commercial espionage, breach of contract, and breach of confidence.¹²

“An SME develops a process for the manufacturing of its products that allows it to produce its goods in a more cost-effective manner. Such a process provides the enterprise a competitive edge over its competitors. The enterprise in question may therefore value its know-how as a trade secret and would not want competitors to learn about it. It makes sure that only a limited number of people know the secret, and those who know it are made well aware that it is confidential. When dealing with third parties or licensing its know-how, the enterprise signs confidentiality agreements to ensure that all parties know that the information is a secret. In such circumstances, the misappropriation of the information by a competitor or by any third party would be considered a violation of the enterprise's trade secrets.”¹³

11 Section 2(e) Registered Designs Ordinance, 2000.

12 https://www.wipo.int/sme/en/ip_business/trade_secrets/trade_secrets.htm, Web accessed: 13th April, 2019.

13 https://www.wipo.int/sme/en/ip_business/trade_secrets/protection.htm, Web accessed: 12th April, 2019.



Non Disclosure Agreements (NDAs) are recommended to protect trade secrets and to ensure their non-disclosure to third parties. These agreements bind parties to confidentiality and help startups and businesses which want to take all necessary steps, to protect the disclosure or unauthorized use of their business idea.

B. Business process and IP in each step:

- Step 1:** Inception of idea for business
Action Item: Read up on IPR or engage an IP lawyer or expert.
- Step 2:** Creation of formula for product and/or production process (if applicable).
Action Item: Apply for Patent Registration
- Step 3:** Creation of trademark for business/brand
Action Item: Apply for Trademark registration
- Step 4:** Creation of content, material for marketing and sales etc.
Action Item: Apply for Copyright Registration.
- Step 5:** Business launch
Action Item: At least Trademark and if relevant, patent registrations, should have been applied for by now.¹⁴

C. How IP infringements affect business and consumers

- Discourage innovation and the creation of new knowledge products.
- Discourages the use of innovative technology and slows economic growth
- Tarnishes the goodwill of the business owner.
- Disregards standards safeguards.
- Effects the exclusive rights of the creators and inventors.
- Hampers creativity and invention, and the benefits to society because it discourages individuals from distributing and sharing information and data to keep it confidential.
- Hampers social and financial development.

Innovation drives economic growth and job creation. Protection of IP, through patents, trademarks and copyrights, is critical to ensuring that firms pursue innovation. Counterfeiting and piracy erode the returns on innovation and slow economic growth because of the negative impacts on companies, consumers and governments.¹⁵

¹⁴ <https://afmalik-law.com/business-process-ip/>, Web accessed: 12th April, 2019.

¹⁵ The Impact of Intellectual Property Theft on the Economy, *August 2012*, https://www.jec.senate.gov/public/_cache/files/aa0183d4-8ad9-488f-9e38-7150a3bb62be/intellectual-property-theft-and-the-economy.pdf, Web accessed: 12th April, 2019.



D. Advantages of IPR

- Increases the market value of your business.
- Increases business profits.
- Position of IP in case of merger or acquisition is stronger.
- Converts ideas into profit generating assets.
- Creates an image for your business.
- Assists to access or raise finance for your business.
- Enhances export opportunities for your business.¹⁶

¹⁶ <https://afmalik-law.com/benefits-of-ipr-registration-for-businesses-in-pakistan-abroad/>, Web accessed: 12th April, 2019.