Intellectual Property Rights and their Exploitation under the Sudanese Laws and TRIPs Agreement

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Dedication

To:

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ABBREVIATIONS

Arab. L.Q : Arab law Quarterly
A. C : Appeal Cases
BIRPI : United International Bureaux for the Protection Of Intellectual property
CCTLD : Country Code Top Level Domain
CH. D : Chancery Division.
CISAC : The International Confederation of Societies of Authors and composers
COLUM . L. Rev : Columbia Law Review
DARPA : Defense Advanced Research Project Agency
DNS : Domain Name System
EEA : European Economic Area
EPC : European Patent Convention
EPO : The European Patent Office
EU : European Union
GTLD : General Top Level Domain
FDI : Foreign Direct Investment
HARV. L. Rev. : Harvard Law Review
IANA : Internet Authorized Naming Authority
ICANN : Internet Corporation for Assigned Names and Numbers
ICC : International Chamber of Commerce
IP : Internet Protocol / Intellectual Property
IBRD : International Bank for Reconstruction and Development
IMF : International Monetary Fund.
Mod L. R : Modern Law Review
NAFTA North American Free Trade Agreement
NGOS Non Governmental Organization
NSF : National Science Foundation.
NSI : Network Solutions Inc.
NTIA : National Telecommunication and Information Administration
Ottawa L. R : Ottawa Law Review
Q.B.D : Queen’s Bench Division
R. P. C : Reports of Patent, Designs and Trade Marks Cases
SLD : Second Level Domain
Sudan L. J. R : Sudan law Journal and Report
Sudan L. R : Sudan Law Report
TLD : Top Level Domain
T. L. R : Times Law Report
UDRP : Uniform Commercial Code
UNESCO : United Nations Educational Scientific and Cultural Organization
U. S. A : United States of America
UPOV : The Union Pour La Protection des Obtentions Vegetales
WIPO : World Intellectual Property Organization
W. L. R : Weekly law Report

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Preface

Intellectual property is being recognized as an important tool for economic development and wealth creation. The survey of the history of intellectual property shows that it has been a continuing response to the challenge posed by new technology, particularly those in the field of copyrights and neighbouring rights or in the industrial property rights. This shows the reason why intellectual property, as a dynamic process continues to develop new types of intellectual rights since the convention establishing the WIPO in 1967. These new rights include designs of integrated circuits and new plant varieties in addition to the innovations in computer softwares and media technology etc.

Exploitation of intellectual property rights is one of the main factors in the dynamic progress in all fields of technology. It plays an indispensable role in economic growth of the country. The various branches of intellectual property laws, patents, trade marks and copyright are not fully apprehended even among legal practitioners and lawyers in the least developing countries including Sudan. This study is an attempt to meet this need. The study was also undertaken with other considerations in mind. The first consideration is the scarcity or non-existence of Sudanese scholarly literature concerning the subject. The second consideration is that since Sudan is a least developed country, intellectual property is expected to play a major role in economic and social development. The third consideration is that unlike other branches of law, this subject is constantly changing. Thus one can propose different points of view where Sudanese laws are short of complying with international requirements. The fourth consideration is that in Sudan, there are rare judicial decisions concerning this branch. This means that people do not fully
understand its importance and consequently they neglect to safeguard their rights to intellectual property. The fifth consideration is the scarcity of legal literature concerning property rights which necessitates reference to intellectual property laws of the developed countries.

By adding what is being now known as knowledge economy which depends on innovation, information and ideas in creating wealth through human intellect rather than the known elements of wealth known to traditional economists, in essence intellectual property is a creation of a new concept in the known economic theories.

Since 1983 Sudan ratified and became member of Madrid Agreement Concerning the International Classification of Marks, Paris Agreement for the Protection of Industrial property, the Patent Cooperation Treaty and the Protocol on Patents and Industrial Designs within the Framework of the Industrial Property Organization. However, its industrial property laws remained without amendment.

Sudan is currently aspiring to join the WTO. Thus Sudanese Laws of intellectual property must be in conformity with the minimum standards stipulated in the Trips Agreement. This thesis is written in the same period while Sudan is acceding to WTO which has generated a vast amount of activity in drafting new laws, discussion and review or revising of the existing intellectual property laws and from which I acquired great benefits and experience.

In relating the new concept to the Sudanese legislation, this thesis reviews the existing legal mechanisms for exploitation of intellectual property and draws a comparison between the international norms of protection of intellectual property and the Sudanese laws and try to find a
common denominator or divisor between the two.

The study deals with Intellectual Property Rights and their Exploitation under the Sudanese Laws and TRIPs Agreement. The thesis is divided into ten chapters discussing the different aspects of intellectual property. The first Chapter is a general introduction to the subject discussing the nature of intellectual property. Chapter Two discusses the economic aspects of intellectual property laws and its contribution to wealth creation. Chapter Three deals with copyrights and neighbouring rights discussing the nature, purposes duration and limitations on the rights. Chapter Four deals with patents and intend to throw light on the principle of exhaustion of the rights and parrell import. Chapter Five discusses the trademarks and services marks and acquisition of rights whether through use or registration. Chapter Six focuses on assignment of copyrights and related rights whether in the lifetime of the author or on death. Chapter Seven reviews and examines assignment of industrial property rights namely patents and trade marks. Chapter Eight explores the licensing of copyrights and related rights whether it is express or implied. Chapter Nine deals with licensing of industrial property rights discussing the different types of licences including compulsory licence and licence of right. The last chapter concludes the study and examines various proposals drawing from the experts in intellectual property and pool of research completed both in Sudan and abroad, and makes suggestion as to the most appropriate measures to be adopted locally and internationally as basis for future action.
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5. Sudanese Statutes
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   Patents Act 1971
   Trade Marks Act 1969
Abstract

Up to recent times the concept of intellectual property was not clearly known in the society. At best it is a mysterious subject even for some of the knowledgeable people. There is no curricula at the universities to deal with Intellectual Property issues. It does seem that this situation was the case for the Sudan and other countries of the third world save for scattered references to the trade marks and to the rights in literary and artistic works relevant to songs and poems. This observation is no longer true, at least after the Marrakech Agreement which established the WTO.

Our basic concern lies on the modern concept of Intellectual Property that started with the British Royal Decrees that availed the printing presses the privileges till the issuance of Queen Ann Statute of 10th April 1710 as a remarkable development in printing of books and other written works.

The interaction that took place afterwards between the European countries opening the door for the exchange of commodities and ideas across the borders led to the solid understanding about the necessity of safeguarding the intellectual property rights outside the borders which called upon the European industry and patent owners to convene an international conference at Berne in Switzerland resulting in the Paris Agreement for Protection of Industrial Property in 1883. The Berne Agreement for Protection of Literary and Artistic Works 1886 followed three years later. Since then, international law has been in continuous development in adopting protection of Intellectual Property rights through national legislations or through bilateral or multilateral Agreements.

Further, after about a century, the international community gathered to
discuss the subject of international trade. The Uruguay session on the discussion of multi-party trade started in 1986 and finalized in 1994 upon execution of Marrakech Agreement of International Trade creating the World Trade Organization, which entered into force on 18th January, 1995. One of the Annexes to the Agreement deals with the Trade Related Aspects of Intellectual Property Rights (TRIPs). The Agreement stipulates, for the first time, direct clauses committing the member states to safeguard intellectual property.

The thesis discusses intellectual property rights and their exploitation. It also suggests amendment of the intellectual property laws in the Sudan in order to cope with the technical and technological developments and to match with the Trips Agreement to which the Sudan is seeking accession. The thesis relies on relevant international agreements, as well as the domestic laws, namely, English law, and the American law. An attempt is made to compare these sources with the Sudanese law.

The thesis is in ten chapters. The first chapter addresses the nature of intellectual property rights and the purposes of the intellectual property law including its historical background and the developments made in this area. The second chapter addresses the economic aspects of intellectual property. The third chapter deals with the copyright and related rights with emphasis on the protected rights, duration and limitations on the rights. The fourth and fifth chapters address patents and trade marks respectively. The Sixth chapter discusses the transfer of copyright and related rights. The transfer of industrial property rights (patents and trade marks) is dealt with in the seventh chapter. The eighth and ninth chapters deal respectively with the licensing of copyright and related rights, and the licensing of industrial
property rights. The tenth chapter sums up the thesis and makes recommendations.

One of the recommendations is the idea that the comprehensive legislation of intellectual property coupled with effective enforcement mechanism and specialized speedy judiciary process can positively affect the Sudan's future in the areas of intellectual property. In fields of intellectual property advantage should be taken of the World-wide network systems in promoting copyrighted materials and the folklore of other countries.

Also, the Sudan must amend its intellectual property laws and procedures; establish necessary new laws according to the state of development of trade in intellectual property areas; continue to improve the existing management and enforcement mechanisms to cope with the recent advances in world trade systems, and establish a national body to study the possible areas where it has a comparative or competitive advantage in intellectual property matters.
لا يمكنني قراءة النص العربي بشكل طبيعي. يرجى تقديم النص باللغة العربية المكتوبة باللغة الإنجليزية أو النسخة المكتوبة باللغة العربية المكتوبة بالأحرف اللاتينية للحصول على نص طبيعي.
لا يمكنني قراءة النص العربي المكتوب بالخط العربي بشكل طبيعي. إذا كنت بحاجة إلى مساعدة في شيء آخر، فأخبرني بذلك!
لا يمكنني قراءة النص الأصلي من الصورة.
The Nature and Purpose of Intellectual Property Law

This introductory chapter will just highlight the concept of intellectual property, its purpose and its historical development.

1- The Concept of Intellectual Property

The expression “intellectual property” consists of two words; “intellectual” and “property”. Property is any thing capable of being owned. The important aspect of ownership is the owner's exclusive right to use his property. Property is generally classified as movable or personal property and immovable or real property. Immovable property is land and things permanently fixed to it. All other kinds of property are movable. The further division of movable property is tangible property and intangible property. Within the ambit of the latter comes intellectual property. Rights of intellectual property are similar to the intangible rights in that they limit what the owners of personal property are able to do with the things which they own.

The concept of intellectual property goes deep into history. It became widely known because of its considerable economic and social importance. Although before the eighteenth century the law did not recognize intellectual property, it came to be known as such in the mid-nineteenth century. On granting property status to intangibles, the problem of determination of boundary lines of intangible property arose, i.e. the identification of the object and the definition of its limits which do not exist in intangible property. Consequently, each branch of

\[1 \text{ WIPO, Background Reading Material on Intellectual Property, 3 (1988).}\]
intellectual property must promote its own techniques to define the parameter of the intangible property, i.e. registration and deposit\(^2\).

Intellectual property is defined by different systems of laws. It relates to the commercial value of ideas and information incorporated in tangible or physical forms in an unlimited number of copies anywhere in the world. The property is in the expression of idea and information reflected in those copies. Hence, the word intellectual property\(^3\). Bainbridge defines intellectual property law as" that area of law concerning legal rights related to creative effort or commercial reputation and good will"\(^4\). The Convention establishing the World Intellectual Property Organization (WIPO) defines intellectual property as "legal rights which result from intellectual activity in the industrial and artistic fields"\(^5\). Cornish defines intellectual property law "as the branch of law protecting some of finer manifestations of human performance that are of commercial value"\(^6\). Phillips\(^7\) defines intellectual property as "the legal rights which may be asserted in respect of the product of human intellect or the rights and powers which one may enjoy over another's work".

Intellectual property has two aspects; one colloquial and the other legal. The colloquial description of intellectual property is that it consists of things resulting from the exercise of human reason; while the legal description of intellectual property relates to the rights of the production of the mind rather than the production itself\(^8\).

In the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which resulted from the GATT’s Uruguay Round and

\(^3\) *id*.
\(^8\) *id*. 3.
WTO Agreement completed in April, 1994, intellectual property is regarded as referring to the protection of authorship's works, copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs of integrated circuits and to the protection of undisclosed information.

There are many reasons for the importance of existence of intellectual property law; one is to grant statutory expression to rights of creators and to secure a fair return for them. Another reason is to protect creativity and application. Further, it stimulates fair-trading contributing to economic and social progress, thus advancing public welfare.

Several constitutions and international instruments stress the importance of the protection of human intellect. The Universal Declaration of Human Rights relies on intellectual property to achieve one of its ends. It provides in articles 12, 17 and 23 that no one is to be subject to arbitrary interference with his privacy, and every one has the right to own property and to make a living. The European Convention on Human Rights as well as court decisions stick to the same notion of protection of human intellect. In Service Corp International plc v. Channel Four Television Corp, the court based a decision not to grant an injunction to suppress an alleged infringement of copyright on a direct application of the European Convention on Human Rights commitment to freedom of speech. The USA constitution as well provides that the Congress has a right to provide for a limited protection of authors and inventors for their creation and inventions. Some third world countries

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9. TRIPs provides in article 1 part 1 that “for the purposes of this agreement the term “intellectual property” refers to all categories of intellectual property that are the subject of section 1 through 7 of part 1.”
10. WIPO, Supra, note 5, at 3.
13. Art 1(8).

Two justifications for intellectual property protection are given by legal and political philosophers. The first is that, intellectual property encourages inventors to manufacture high quality products. The second is that, there are ethical and moral arguments justifying intellectual property rights, e.g. copyright protection is given because the law recognizes an author's natural or human right over the product of his labor.\textsuperscript{14}

Intellectual property comprises two main branches, one is copyright for literary and artistic works and neighboring rights including those of performing artist in their performance, producers of phonograms in their recordings and those of broadcasters in their radio and television programmes. The other branch is industrial property comprising trade marks, patents for inventions, industrial designs and service marks. All types of intellectual property rights have commonly shared characteristics. They are negative rights which deter pirates without the permission or license of the owner. Furthermore, all these rights possess a highly abstract concept or symbol of property. Although these rights confer the right to control the activities of the other, public liabilities and international trade restrict them\textsuperscript{15}.

There are many distinctions relating to intellectual property rights. Some rights depend on completion of formalities like registration, while others are automatically created at a specified time. Another distinction is the nature of the rights, whether it is creative or related to good will in commercial sense. All types of intellectual property share the idea of creation and protection. For weaker or stronger intellectual property

\textsuperscript{14} Bently, supra, note 2, at 4.
\textsuperscript{15} Bainbridge, Supra, note4, at 4.
protection, opposers are divided into two groups: one group representing the right holder who considers that the law does not provide adequate protection, that patent and copyright protection must include protection of software. On the other hand, the opposers of stronger protection of intellectual property are consumers or users, competition lawyers, defenders of free speech and so on\textsuperscript{16}.

The Convention establishing the World Intellectual Property Organization (WIPO) enumerates the rights as:

- Literary, artistic and scientific works.
- Performances, phonograms and broadcasting.
- Invention in all fields of human endeavors (patents).
- Scientific discoveries.
- Industrial designs.
- Trade marks, service marks, commercial names and designs.
- Protection against unfair competition
- All other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields\textsuperscript{17}.

The demand for international protection for intellectual property has increased as the market has internationalized. Intellectual property can be exploited in national and international levels. There are two types of international co-operation treaties and conventions. Firstly, the treaties and conventions setting minimum uniform provisions and standards of protection, harmonizing the minimum standards and the basis underneath all intellectual property laws for each member and affording protection

\textsuperscript{16} Bently, \textit{Supra}, note 2, at 5.
\textsuperscript{17} WIPO, \textit{Supra}, note 5, at 3.
for works of foreign inventors. The second category of treaties and conventions are those which require the formality of registration in each country in which protection is sought. Many of them embody a single application and examination procedure or at least a certain level of cooperation between the national and international property authorities.\(^{18}\)

The national or territorial nature of intellectual property has given it special characteristics, i.e. they do not give effect outside of their national territory. Throughout the 19th century the owners of intellectual property demanded the international protection of intellectual property. This was done by way of bilateral treaties protecting their respective laws in each others, for example, by national treatment. By the end of nineteenth century, the Paris Convention for the Protection of Industrial Property 1883 and the Berne Convention for the Protection of Literary and Artistic Works of 1886 were adopted. In 1947, following the Second World War, the GATT was formed and a multilateral negotiation was launched in 1986, to be concluded in 1993,\(^{19}\) thus integrating the GATT into the World Trade Organization emanating from the Uruguay Round’s conclusion agreement which was signed in Marrakech in April 1994. One of three schedules attached to that agreement dealt with "Trade Related Aspects of Intellectual Property" which conferred more protection compared to previous WIPO administered treaties or conventions. First, Trips broadens intellectual property rights within a framework making it obvious to the parties to accept stronger intellectual property protection while they considered it to be countess to their interests, although there might be other unforeseen advantages. Secondly, the GATT negotiations were widely conducted among countries because its treaty process includes non-governmental organizations and other organizations. The

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\(^{19}\) Signed in Marrakech in April 1994.
TRIPs Agreement covers in detail all areas of intellectual property. The standard of protection within the Berne and Paris Conventions must be adhered to by all members of the WTO\(^\text{20}\).

Although there is no uniform definition of intellectual property, it is a familiar concept and substantially statutory dynamic expression responding to the significant changes in technologies and is trying to reconcile the competing interests of the owner and users of protected work. It is designed to reward inventors for their intellectual effort. It is an asset like other types of personal property. Basically, intellectual property is a statutory right, but it has also developed through common law and equity.

2- The Purposes of Intellectual Property

The purpose of Intellectual Property is the other concern of this chapter. Intellectual property aims to provide legal protection and exploitation of intellectual property rights\(^\text{21}\).

(i) Legal Protection of Intellectual Property

The legal protection is negative in the sense that the law can be used to stop others from exploiting the intellectual property owned by somebody else\(^\text{22}\).

Although the purpose of intellectual property law differs from one type of intellectual property to another, some general principles of protection apply to each type of intellectual property. The law attempts to harmonize between legal protection of disclosure of an idea and the commercial utilization of such idea. Creativity in intellectual creation

\(^{20}\) Bently, Supra, note 2, at 3.
\(^{22}\) Phillips, supra, note 7, at 12.
will improve if the law protects the inventors and authors of books, music and other literary works.

Five methods of legal protection are recognized. Three of these methods are embodied in Sudanese laws. These methods are:

(a) **The Absolute Monopoly of the Market**

By this theory the law affords a right to the owner of intellectual property to prevent not only other persons from using or imitating that property, but also the later independent inventors of the same inventions through their own effort. The best example of this method is patent right, including our Patents Act 1971. According to this method, the owner has the right to exploit the property or sell it to another person or license another person to exploit it or do nothing about it. Domestically and internationally, there are economic arguments against absolute monopoly. At the international level, the developing countries demand the right of access to technical and educational materials in order to develop. International conventions and agreements on intellectual property have recognized this demand. At the domestic level, there are four basic common objections against monopoly. First, under the system of monopoly, the monopolist determines the kind of service supplied, the price and quality of goods, continuity of supply, the number of different versions and the amount of records and development into future products or service. This has immediate negative or later negative effects on the consumer. Secondly, the consumers who are not prepared to buy at the monopolist price are left by the monopolist's behavior to buy some thing else less valuable to them and this results in a “misallocation” of resources. Thirdly, a monopolist acquires his profit at

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the consumer's expense. Consequently, an accumulation of wealth takes place and this may be regarded as unjustifiable. Lastly, the monopolist loses the incentive to keep down the price.

The advantages gained through this theory are less valuable compared to the resulting detriment in favor of the theory. It is agreed that the most efficient production will be attained from a single source and it can be said that securing the profit of the monopoly encourages a firm to make sufficient investment in research to secure the future breakthrough for those benefits. A good example of this is copyright collecting societies.

The advanced industrial societies seek to remedy the resulting harshness of the system of absolute monopoly by the enactment of anti-trust laws. Some may also think that the mechanism of price control, either directly or through a form of compulsory license, is the only way-out of the danger that unjustified monopolies may produce. But all these methods and mechanisms remain theoretical.

(b) The Qualified Monopoly

Under this theory the owner of intellectual property has the right in respect of works requiring an absolute market monopoly subject to one basic qualification: he has no right to stop another party, depriving him of his creation and using it as the basis of his own creation. The justification for this theory is that it prevents “free – rider” from making free use of creator's endeavor.

This theory protects topographies of semi conductors chips and new plant and seed varieties in the sense that the creators of intellectual

25. Cornish, Supra, note6, at 34 – 38.
26. Id, at 38.
27. Id, at 35.
property place greater emphasis and importance on this qualification to avoid the impact of single dominant monopoly at the beginning of new shift in industrial development and damage on scientific research and consumer choice.

(c) The Monopoly of Use of One's Personal Creation

This theory provides a right to the owner of intellectual property to prevent others from copying or otherwise exploiting the works actually produced by him, but it deprives him of any preventive right of exploitation of an identical or similar work produced by an independent person. This method of protection is given by copyright law, including our Copyright and Neighbouring Rights Protection Act, 1996. As in the case of absolute monopoly the owner of the qualified monopoly of use of one’s personal creation may exploit his property or sell or license it or do nothing about it. For example, there are many different photographers of the Eiffel towers who have taken identical photographs. The first to record cannot prevent others from exploiting their own photographs.

The negative aspect of this theory is that, since the probability of imitating the work of the first creator is high, the degree of protection accorded to him by this theory is low. Thus, the possibility of protection in the event of mere coincidence is even less.

(d) The Compulsory Licence

This theory grants a right to use intellectual property to persons wishing to do so in consideration for payment of some money. This method is used for both copyright and patents rights including our

29. id. at 15
Compulsory license is sometimes known as the transfer of technology. Its main purpose is to make the property available to the public for educational or scientific purposes. Whilst developing countries try to strengthen the obligation of compulsory license, the developed countries have gradually eliminated that requirement.

This method of protection can hardly be called a protection for it deprives the intellectual property owner of his control over his intellectual effort. The critics of this method argue that it is not easily reconcilable with the concept of property right of intellectual creators in their works. The supporters of compulsory license reply that the economic principles require the exploitation of intellectual property for widespread manufacture and availability of products among consuming public in order to benefit the market's consumer.

(e) Unfair Competition

This concept is found in the intellectual property laws in Europe and United States of America, but not in the Sudan. It does not exclude others entirely from the use of an identifiable intellectual property, but requires the fair use of that property. This theory is applied by trade marks law and international treaties, according to which the owner of intellectual

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30. id., at 16
32. Phillip, supra, note7, at 17.
33. id., at 17 – 18.
34. Article 10 bis para. 3 of the Paris Convention prohibits the following: (1) all acts of such nature as to create confusion by any means whatsoever with the establishment, the goods or the industrial or commercial activities of a competitor; (2) false allegations in the course of trade of such nature as to discredit the establishment, the goods or the industrial or commercial activities of a competitor; (2); (3) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, suitability for their purpose, or quantity of the goods.
property has no right to be compensated in case of exploitation of his work by others.\textsuperscript{35}

The value of this theory appears in case of infringement of the rights of the intellectual property owner. Although it benefits both the owner of intellectual property and the consumer\textsuperscript{36}, yet it can be criticized on the ground of uncertainty. Moreover, it is difficult to ascertain the issue of infringement, or to know what constitutes unfair competition, for it depends on one's individual notion\textsuperscript{37}.

(ii) Exploitation of Intellectual Property Rights

This is the second goal of intellectual property, which aims to produce, sell and deal with the creation of the mind. As such it represents my concern in this thesis. The law tries to organize legal framework for exploitation of intellectual property aiming not only to protect the owner, but also to establish a framework.

3. Historical Development of Rights

This area reviews historical roots and development of intellectual property rights including copyrights, patent and trade mark.

(i) Historical Development of Copyrights

The role of copyrights today is the result of long and complicated history. Before going into details, it is appropriate to know the most important factors which had led to the development of copyrights. The first factor is the development of printing press and other technical devices of large scale copying which made it possible to produce books and other works on commercial scales. The second factor is the spread of education, which made it possible to find readers and thus markets for

\textsuperscript{35} Phillip, Supra, note 7, at 15 – 16.


\textsuperscript{37} Phillip, Supra, note 7, at 17.
books and other works. The third factor is the change in the people's views that copying is the right to exploit into a believe that copying is a misappropriation of someone else's effort. Without these factors, the need for copyright laws would not have been properly felt, and consequently there would be no proper demand for it\textsuperscript{38}.

In European countries and USA earlier legislations focused on books and other written works. Hence the original meaning of copyright is the right to make copies or reproduce the work and as corollary the right to prevent other persons from making copies. Gradually, the subject matter protected by copyright was broadly construed, extended to include records of music, works of fine art, painting, cinema and TV films, artistic performance, broadcast, or cable transmission works. These new matters of copyright could be exploited with or without making copies e.g. public performance. Hence languages other than English use the phrase “author's right”\textsuperscript{39}. There is also apparent distinction between common law and civil law with regard to the basis of protection of intellectual property. Common law protects a work aiming not to be copied with undesirable results, while civil law aims to protect natural author's right not only for his economic interest but also for his moral entitlement to control and exploit the product of his natural intellectual labour.

In England, for historical reasons, the contemporary technological revolution affects the use of the term “copyright” i.e. the right to make copies. Earlier it was difficult to define film, but now the film is considered as a single work “cinematographic work”. In France, the right of the author to his work is called author's right “droit d’author”.\textsuperscript{40} In

\textsuperscript{38} \textit{id}.
\textsuperscript{39} \textit{id}, at 128.
\textsuperscript{40} Bentley,\textit{supra}, note 2, at 28.
England, a change to author's right might symbolize some preference of creator over entrepreneur. Also, the relation between author and exploiter offers many opportunities for tensions and disagreement. In Continental Europe, author was given moral right. In Britain, the relation between author and exploiter was organized by contractual agreement supported by such terms as the court might imply in the name of business efficacy and subject to the tort of defamation, injurious falsehood or passing off 41. Since 1988 moral rights have been given protection under legislation passed in that year.

(a) **Evolution of Copyright in Earlier Civilizations**

In the beginnings of civilization, the dominant principle was the eagerness to profit from the work of others. The technique of printing had been recognized earlier in China and Korea in 1048-1401 42.

The idea of owning the result of intellectual work similarly existed in ancient Greece and Rome in fourth century B.C. Plagiarism was treated as shameful or disgraceful, and Greece and Rome were powerful to curb literary piracy 43. Their governors issued patent for invention to protect their intellectual rights in consideration for depositing certain copies in national library, especially famous plays aiming not to be pirated or misused. These libraries opened for the public but the books were permitted for borrowing 44.

The Romans did not recognize the modern sense of the term “intellectual property”. The publishers contracted with author for their original books and copied them. Thus, authors lost their intellectual efforts. The Roman thought for a solution for the illegal copying,

41. Cornish, supra, note 6, at 343  
43. Foster, etal, Patent, Copyrights & Trade Marks, 3 (2nd ed. 1993); Bainbridge, Supra, note 3, at 31.  
44. Kanan, id, at 12.
henceforth they had given authors the right to injurious action⁴⁵. The Roman literature reflected that the earlier authors were not satisfied with their moral rights, and they aspired to gain some profit from their manuscripts⁴⁶.

Going back to the earliest historical time, we find some notion of literary property. In ancient times, the idea of the author to protect literary creation was not well established. Nonetheless, moral rights were recognized because most of the authors were teachers⁴⁷.

In medieval times, the numbers of copies were limited due to hand-rewritten manuscripts. Future use of a work would not reflect economical interests of the author, because they were not based on the reproduction and dissemination of a large number of copies. Public opinion prohibited imitation of sculptures and paintings or plagiarism⁴⁸.

(b) Islamic Evaluation

The earlier Islamic principles indicated that the Prophet Mohamed’s followers attributed all his saying and doing to him, thereafter, they conveyed them to their people and successors. Sidena Abu Baker El Seideyg is the first one who laid down this principle of copyright protection⁴⁹. Historians thought that the initial protection of copyright began in the eighteenth century, due to the invention of the printing press. Islamic scholars recognized many concepts of Intellectual property before that time, for example, the intellectual creation, imitation of works, and the economical and moral right of the authors⁵⁰. The best example of intellectual efforts of Islamic scholars is the writing of the Holy Quarans

⁴⁵ UNESCO, ABC of Copyright, at 12
⁴⁶ Bainbridge, Supra, note 4, at 31
⁴⁷ Unesco, id, at 13
⁵⁰ Kanan, supra Note 42, at 26.
and reproduction of it. Also, Islam recognized the idea of duration of copyright protection and the reward to the author in consideration for his creative effort and exploitation of his work\textsuperscript{51}.

Concerning the duration of copyright, Islamic Philosophers made the maximum period of the protection to the inheritor of the deceased owner 60 years from the death of the copyright owners. In relation to moral right of the author, the Islamic scholars mentioned the name of El Hadeth’s authors\textsuperscript{52}. Also, in the earliest centuries Islamic scholars recognized the notion of the deposit of the works or books in place called ‘Eltakhalid’. The major center for the books was called "Dar Elalem" or the "Educational House" in Bagdad\textsuperscript{53}.

Accordingly, the rule of faith and honesty protect the creation of the mind in the Islamic history. Islam does not concern only the Arabs, but there are different civilizations which converged with Islam and had an input in its evolution.

(c) Evolution in England and other European Countries

Before the late fifteenth century, two factors lessened the importance of protecting literary works. Most of works were mainly religious books written by scholarly monks for a limited period of time. Also, the lack of market for books due to the lack of education of the population at large, helped to lessen the need for protection\textsuperscript{54}.

In 1483, an Act of Richard III of England enabled the circulation of books from abroad. In 1518, the royal printer was given the first privilege

\textsuperscript{51} The rewards to the author are dependent on the numbers of copies that sold.
\textsuperscript{52} the best example is the books called” El Sira El Naboia" and Ibn El Nadeem’s Index.
\textsuperscript{53} Kanan, \textit{id}, at 28-30.
\textsuperscript{54} Bainbridge, \textit{supra}, note 4, at 32.
prohibiting the printing, for two years of a speech by any one else\textsuperscript{55}. In 1534, Stationers imposed restrictions on importation of foreign books\textsuperscript{56}.

Although there is a belief that the notion of literary property can be traced back to the earliest historical time\textsuperscript{57}, it is the invention of printing press in the fifteenth century that led to the emergence of copyright. Thus, in England the earliest copyright protection took the form of printer's licenses under which the king granted privileges\textsuperscript{58}. The year 1556 witnessed the issuing of original charter of Stationers Company imposing restrictions on the printing press until 1640. In 1556, the decree of star chambers prohibited certain kinds of printing\textsuperscript{59}.

In 1585 there was a law relating to books license as well as prevention of printing. This decree was enforced in 1623 determining the way of authorization of printing and the infringement of copyright was subjected to statutory penalties\textsuperscript{60}. In 1637, the star chambers again limited the scope of printing. This decree was abolished in 1640. In 1662 the licensing Act was passed. Moreover, it prohibited any printing contrary to Christian faith, doctrine or discipline of the Church of England. This Act was abolished in 1679\textsuperscript{61}. In 1881, the stationer's company declared void all legislative protection by ordinance or by laws, and gave the sole right of printing to the registered proprietor of a book. The ordinance of 1881 imposed sanctions in case of violation.

\textsuperscript{55} Id.
\textsuperscript{56} Cornish, supra, note 6, at 339.
\textsuperscript{57} Unesco, supra, note 47, at 12-15.
\textsuperscript{58} Copinger and Skone James, Copyright, 7 (11. Ed 1971).
\textsuperscript{59} Printing against statute or proclamation. The royal restrictions on the right to print including: first issuance of royal grants and patents that provided the exclusive right to print certain books, second, the demand that author's and printer's name appear in each copy, third, the requirement that a printed copy of each work be submitted to the sovereign's private collection, fore more details see Fasteretal, supra, note 44, 12 (1993).
\textsuperscript{60} Bainbridge, supra, note 4, at 32; Copinger and Skone James, supra, note 59, at 8.
\textsuperscript{61} id, at 11.
The stationer's company requested copyright protection. The system of privileges was more criticized and the voice of authors asserting their rights for intellectual property began to be increasingly heard. Accordingly, on 11th January 1709 a draft bill was presented to the House of Commons for the encouragement of learning, by vesting the copies of printed books in the authors or purchasers of such copies during the time therein mentioned. The petitions presented to the House of Lords in support of applications to parliament in 1709, supporting the bill to protect copyright, the claim was that: “By common law, a book seller can recover no more cost than he can prove damage; but it is impossible for him to prove the tenth, the hundredth part of the damage he suffers, ...we therefore pray that confiscation of counterfeit copies be one of the penalties to be inflicted on offenders.” On the 10th of April 1710, this draft bill became the first true and modern copyright statute in the world recognizing individuals' rights and became known as the Statute of Anne.

The Statute of Anne distinguished between the already published and unpublished books. In the former case, the term of protection was 21 years from the date of the enactment of the law, and in the latter case the term was 14 years. For more than half a century, the lower courts granted many injunctions, even after the expiration of the term fixed by the statute. But in the famous case of Donaldson v. Beckett, sooner after the expiry of the statutory term for previously published cases, there were challengers of common law. The dispute arose as to whether the author had, apart from the right conferred by the statute, a perpetual common

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63. James, Supra, note 58 at 11.
64. Id.
65. Id.
law right to print or publish his work. This case related to copyright to Thomson's, the seasons which were published in four parts from 1726 to 1730. Thomson' who was Scottish poet, died in 1748 and his copyright was sold by his executors to Becket's who took legal action against Donaldson. Donaldson obtained a legal permanent injunction from the Lord Chancellor. The House of Lords overruled a previous five years of decision by the King's Bench Milar v. Taylor and determined that copyright i.e., the exclusive right to publish and sell copies had never existed as a right at common law. The full House of Lords thus rejected the divided decisions of the judicial branch of the House of Lords, which had ruled that copyright had existed at common law; that prior to adoption of the Statue of Anne, common law copyright existed in perpetuity even after publication of the work, but that – according to some reports of the decision- the Statute of Anne substituted a limited term of statutory protection with regard to published works.

The formalities imposed by this statute were the registration of books at the stationers Hall and deposit of nine copies for the use of the universities and libraries. The bookseller was the only person who benefited from this statute. This prerogative was, however, insufficient because there was no mention of public performance, dramatic versions and translations. The result was the Engraver's Act 1735 for the protection of artists, designers and painters. Still it was considered not to be enough to provide author with the right to print and distribute his work.

67. 4 Burr. (4th ed.) 2303, 98 Eng. Rep. 201 c k. b 1769; in earlier cases, it was confirmed that the statute had not suppressed the common law right, in this case, it was held that the author had a common law right after publication of his works which had not been displaced by the Statute of Anne.

68. James, Supra, note 58, at 13.
In 1774 a common law right for unpublished work was recognized. In 1775 a perpetual copyright to copies belonging to the Universities of Oxford and Cambridge, and the colleges of Eton, Westminster and Winchester was conferred. In 1814, the Sculpture Copyright Act was passed which provided for fourteen years copyright protection. In 1833, a dramatic copy was protected by Bulwer-Lytton Act 1833. In 1842, another important statute on copyright was issued. This Act made the period of copyright protection the life of the author and seven years after his death, or 42 years from the date of publication, whichever is longer. Performing rights was extended to musical works.

In 1862, the Fine Arts Copyright Act was passed protecting painting, drawings and photographs for the term of the life of the author and seven years after his death. In 1875, royal commission was appointed to examine number of Copyright Acts dealing with different branches for the purpose of consolidating the statutes. They criticized the fourteen Acts of parliament as intelligible and obscure and that their arrangements are often worth than their style.

Owing to the abuse concerning performing rights in musical works, Copyright (Musical Composition) Act 1882 was enacted with certain requirements imposed on public performance right e.g. printing of any musical composition on every published copy. In 1885, Great Britain had signed the Berne Copyright Convention. In 1902 and 1906, owing to the practice of selling pirated copies of songs and music and the difficulty of ascertaining any substantial person to proceed against infringement,
the Musical-Summary Proceedings-Act, 1902, and the Musical Copyright Act 1906 were passed.

In 1908, the international pressure obliged Britain to revise its copyright law to cope with the revised convention with the purpose of promoting greater uniformity in copyright law and giving copyright owners full protection in all members' states. In 1909 a committee approved the revisions of the revised convention and recommended the passing of a consolidating and Amending Act within a single text. Accordingly, the Copyright Act 1911 was passed, influenced by the Berne revision and adding major changes to UK. This Act repealed all the previous statutes with the exception of the Musical Copyright Acts of 1902 and 1906 and one section of the Fine Arts Copyright Act 1862. The Act widened the scope of copyright. The producer of sound recordings were granted the exclusive right to prevent unauthorized reproduction of his recordings in Gampo Co. v. Cawardine, the court later held that the producer could also prevent public performances of their recordings.

Further changes to Berne Convention in 1951 again prompted the United Kingdom to amend its copyright law. Hence, the Act of 1911 was repealed by the Copyright Act, 1956. In 1958, this act in turn was repealed and enacted by the Performer Protection Act 1958-1972 which made the offences of non-private records films of performances, performing them in public, and broadcasting performances without performer's written consent.

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75 Bainbridge, Supra, note 4, at 34
76 Cornish, Supra, note 6, at 344, at 34, Britain had been restricted with two obligations: the abandon of formalities and the period of protection was to be at least the author's life and 50 years after the death of the author of the work.
77 Torman, etal, supra, note18 at 11.
78 [1934] ch 450.
79 Bainbridge, Supra, note 4, at 34, 1956 Act introduced three new forms of works: cinematographic films, broadcasts and typographical arrangements of publish editions.
80 WIPO, Supra, note 5, at 7.
Attempts were made to persuade courts that the Acts conferred civil rights of action and the protection was much less satisfactory. Thus, the 1956 Act was repealed and re-enacted as the current Copyright, Designs and Patents Act, 1988 enabling Britain to meet development of post-war decade\footnote{Cornish, supra, note 6, at 15. The 1988 is very comprehensive in its scope. It re-enacts the statutory law of copyright in a simpler and more logical manner than 1956 Act. Similarly, it brings for the first time a number of important changes, e.g. the granting of rental right in certain subject matter, the creation of moral rights for authors and director, the extension of control over collecting society by copyright tribunal, the introduction of quasi-copyright on performers and their exclusive contractors and the revision of the law relating to industrial designs.}. The 1988 Act enables the United Kingdom to ratify the Paris Revisions of 1971 of the Berne convention. Yet the 1988 Act may sooner become incapable of dealing with copyright in the new multimedia and the Internet. Thus, England must be forced to update copyright to meet the challenges of technology\footnote{Hart, etal, supra, note 21, at 131.}.

In France, the gradual replacement of the system of privileges by a system of copyright emerged when the revolution revoked the privileges of publishers in 1789\footnote{Unesco, Supra, note 46, at 15}. The foundation of the French copyright system was laid down by a decree passed by the Constituent Assembly in 1791. This decree gave the author a right of public performance for a limited period of time. Again another decree was passed in 1793 which provided for an exclusive right to author to reproduce his work.

The remaining European countries may be noted briefly together. In Germany, modern literary property appeared in the eighteenth century\footnote{Id, at 15}. Before that time, natural law was recognized as the source of protection. The author's right was expressly provided for in Order No. 1686. On the other hand, the Prussian civil code of 1794 established protection of books for an author who was the king's subject. The first Federal law was enacted in 1887. In Denmark and Norway, a copyright ordinance was
adopted in 1714 and remained in force until 1814, and in Spain the recognition of copyright was given the force of law in 1792. In Italy, on the other hand, the protection of modern copyright received legal sanction in many states. Finally, in Russia, the first law on copyright was enacted in 1930.

(d) **Evolution in USA**

Until the enforcement of current United States Copyright Act, 1976 the copyright law in the United States resembled the English Statute of Anne. The first copyright law came to existence before the American Revolution. In 1476, and in response to printing press technology, a need was felt to protect the printer against piracy. The first step was a privilege to the printer from the author to have the sole right of reproduction specific works. The Star Chamber Decree of 1556 was the earliest copyright legislation granting the charter of stationers’ company. In 1637 the decree of Star Chamber was passed providing for licence.

In 1640, the Star Chamber decree was abolished; and in 1643, an Act for redressing Disorders in printing was passed imposing restrictions on printing. In 1662, the Licensing Act was enacted affording statutory regulation of the printing right.

In 1709, the Statute of Anne was passed with its new domain in copyright requiring registration and publication of published books. The question whether common law copyright existed in the United States, and if it did, whether and to what extend the enactment of federal copyright

85. WIPO, supra, note 5, at 25. For more detailed discussion of legislative history of American copyright, see Joyce, et al., Copyright Law, 6-14 (3rd ed. 1995).
86. Whale, Copyright Evolution, Theory and Practice, 3 – 4 (1072).
87. id., at 7.
88. id.
Act abrogated common law copyright, was raised in Wheaton v. Peters. Like Donaldson v. Becket, the plaintiff Wheaton was a former reporter for the United States Supreme Court. The defendant Peters, Wheaton's successor as reporter, sought to publish “Consolidate Reports” of the Supreme Court's decisions. Peter's work included decisions previously reported in published volumes by Wheaton. Wheaton alleged infringement of his federal statutory and common-law copyright in reports. The Supreme Court observed that while an author had the right at common law to prevent another form depriving him of his manuscript, and to prevent the unlawful publication of an unpublished work, the case raised different questions whether, once the work was published, the common law recognized a copyright in the form of a perpetual and exclusive property in the future publication of the work. The court held there was no federal common law copyright. Rather the question would be resolved under the law of the state where Wheaton's work was published, Pennsylvania. In determining whether Pennsylvania recognized common law copyright, the court held that two matters must be addressed: First, did England recognize common law copyright? Second, even if it did, did Pennsylvania adopt that aspect of English common law or alternatively, develop its own common law copyright? Reviewing Donaldson v. Becket, the Supreme Court determined that the existence and scope of common law copyright in England was a question by no means free from doubt. The court then ruled that, regardless of the status of common law copyright in England, the concept had not been adopted in any form in England until after Pennsylvania had developed its own common law. The court concluded that English copyright law was not part of common law of Pennsylvania, and that

89. 33 US (8 pet) 591 (1834); cited in Gorman, supra, note 56, at 7.
Pennsylvania had not developed a common law copyright of its own. The court went on to state its view that common law copyright in published works had not existed in any state. Rather, the right to copy and sell published works was entirely a creation of Congress. But Wheaton's federal statutory claim also failed because, upon publication of his work, Wheaton did not comply strictly with all requirements of the Copyright Act. The court also observed, in passing, that no one was entitled to copyright in the text of the court's decisions.

Later in 1802, the scope, term of protection and new subject like prints, were added. In 1831, musical compositions were extended and the term became twenty eight years with the privilege of renewal for fourteen years granted solely to author or his widow and children. In 1856, dramatic compositions were added with the right of public performance. In 1865, photographs were also added; and in 1870, copyrightable works was extended to include printing, statutes, paintings, drawings, sculpture and models or designs for works of the fine arts\textsuperscript{91}.

In 1891 the International Copyright Act of 1891 was passed giving copyright privileges to foreigners with conditions of entry of title, notice and deposit of any book, photograph, chromo or lithography. In 1909, the Copyright Act 1909 was promulgated to be in force for the next sixty-eight years and delayed USA entry into Berne Convention for eighty years\textsuperscript{92}. It added copyrightable subject matter in general to include all writings of an author\textsuperscript{93}, and the distinction between pre-publication and post publication right was made clear by the Act\textsuperscript{94}.

\textsuperscript{91} Gorman, \textit{Supra}, note 67, at 7
\textsuperscript{92} id.
\textsuperscript{93} 17 U.S.C.S.4
\textsuperscript{94} Whale, \textit{Supra}, note 86, at 4.
In 1940, a new step towards international copyright was taken. In 1954, USA adhered to the Universal Copyright Convention of 1952. Members of the two international copyright conventions have agreed to give national countries the same level of copyright protection which they give to their own nationals. Unpublished works are subject to copyright protection in the USA without regard to the nationality or domicile of the author.

Due to the failure of the Copyright Act of 1909 to conform to the terms of the then relatively new Berne Convention for the Protection of Literary and Artistic Works 1886, and to conform to technological changes, the copyright Act, 1976 was passed repealing the previous Act 1909. The 1976 Act is derivative from the Statute of Anne. In particular it prolonged the duration of protection to the life of the author and 50 years after his death.

In 1980, there were many amendments to the 1974 Act: section 117 was added to the Act, granting protection for, and scope of rights in computer programmers; the Semiconductor Chip Protection Act, 1984 was promulgated, banning the direct or indirect commercial rental of phonorecords.

In October 1989, the United States ratified the Berne Convention. The result was amendments to the 1976 Act making notice of copyright optional rather than mandatory; elimination of the need, as a prerequisite to suit, to record transfer of rights, and initial substitution of negotiated licenses for the previous “compulsory license”.

96. WIPO, Supra, note 5, at 25
97. Sec. 109 (b), a new compulsory license for home satellite viewing S. 119, Joyce, etal, supra, note 86, at 19.
98. id, at 13.
In 1990 and 1992, substantial amendments were made by Congress. In 1990 Congress enacted three acts: the Visual Artists Rights Act, the Architectural Works Copyright Protection Act, and the Computer Software Rental Amendments. The Visual Artists Rights Act confers authors of certain pictorial, sculptural and photography's work limited rights of attribution and integrity in the original physical copies of their works. The Architectural Works Copyright Protection Act affords protection to completed architectural structures, in addition to plans and models. The Computer Software Rental Amendment affords copyright owners of computer programs, the exclusive right to authorize rental copies, even after their first sale\(^9\). 

Audio Home Recording Act, 1992 was passed imposing surcharge on digital audiotape (DAT) records and recording media to be distributed among song writers and publishers, and performers and producers of sound recordings\(^1\). In 1993, congress replaced old compulsory license and provided for negotiated license for juke boxes\(^2\).

**E(e) Evolution in Sudan**

The sense of need for a legislation to organize the relation between authors, publishers and other parties is not new. It can be traced back to the time when the work of Sudanese intellect started to be published in increasing quantity. Nevertheless, no real attempt for the enactment of copyright law was made. The non-existence of copyright law and inapplicability of the international copyright agreements to the Sudan led the publication Bureau of the Ministry of Education to follow conventional ways for protecting the government publications through registration under the Trade Marks Ordinance, 1931, for duration of a

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100. *Id.*, at 13.
101. For royalty determined by ad hoc arbitration panel, Joyce, *Supra*, note 85, at 14.
period of twenty years. But this registration was not a legal protection of the copyright in the work itself\textsuperscript{102}. From time to time, legal advice on matters of relations between publishers and the authors was sought by the publication Bureau. As a result, rulings for specific cases were issued. Moreover, it was thought that if the issue of unauthorized prejudicial use of the work arose, the court would apply the statutory principles of English copyright law, in accordance with the then existing section 9 of Civil Justice Ordinance, 1929\textsuperscript{103}. Nevertheless, the copyright situation called for an overall solution. Not only had the complications with individual author greatly increased by the 1950, but the country's international cultural relations had also developed to such an extent with which it was difficult to cope with the absence of such a law\textsuperscript{104}. There is in fact one case that depicts this anomaly; the case of \textit{Ibrahim Youssif Abhoudi v. Hosni Hashim}\textsuperscript{105}. Although the case was argued as a trade mark infringement, the High Court judge considered the issue whether the plaintiff would have fared any better had he claimed breach of copyright in the photograph embodied in the mark. He did not refer to section 9 nor any other source of law to be applied. In the Court of Appeal\textsuperscript{106}, the suggestion was disapproved on the ground that the plaintiff did not claim copyright protection in the court of first instance.

In 1946, in the Ministry of Education, certain problems arose at the Institute of Bakht El Ruda where the official duties of some members of the staff included the preparation of text books for pupils. Some


\textsuperscript{103} Formerly section 4 of the Civil Justice Ordinance 1900. Section 9 read as follows: “in cases not provided for by this or any other enactment for the time being in force, the court shall act according to justice, equity and good conscience.”

\textsuperscript{104} Letter from the Attorney General to the Controller Publications Bureau Ministry of Education No.MJ./legis/160 –4, dated 12\textsuperscript{th} February, 1951 (on file No. 292/1951 at Attorney General's chambers).

\textsuperscript{105} (1950 –1951) 6 Sudan L. Rep. 376 (Monograph).

\textsuperscript{106} Then the highest court in Sudan.
expatriate members took advantage of the lack of copyright law to offer to commercial publishers outside the Sudan some books which they had prepared for the Sudanese children. The Ministry had to seek the advice of the Attorney-General on how its right to authorship of a work produced in the course of employment could be protected, and to clarify the position with regard to the following: first, a book written by a member of the Institute staff on a subject outside his official time-table, which meant that he had prepared it in his own leisure time; second, a book written by a private author and acquired by the Ministry through payment of remuneration; third, whether the Ministry's ownership of copyright of a specific text book continued even after the teaching of that book had been cancelled and a replacement introduced; lastly, whether the author could offer for sale outside the Sudan a book whose copyright had been acquired by the Ministry of Education. The Attorney General did not directly answer these issues of copyright. Instead, he merely stated that it is necessarily to have comprehensive copyright legislation tied up with the international conventions on the subject, which must make provision on the following subject matter: first, written publications i.e. books, plays, periodicals, newspaper, pamphlets, ... etc; second, the visual arts, i.e. drawings, paintings, sculptures, photographs and cinema films; third, music with particular references to gramophone records and radio broadcasts.

The problem of copyright law was again raised when the country became member of the United Nations Educational Scientific and Cultural Organization (UNESCO) and it was asked to become party to the Universal Copyright Convention, 1952. Again, the Ministry of

\[107\] Letter from the Ministry of Justice to Secretary General, Council of Ministers, (unnumbered) dated 30\textsuperscript{th} January, 1961, (on file No. 242/1951 at Attorney General Chambers).

Education approached the Attorney General and he advised that before the country could do so, it should have a national copyright law. Consequently, the Ministry of Education took the initiative in 1956 and proposed to the Attorney General that a copyright law be passed.

Nothing further was done until 1960. In 1961, a draft bill was submitted to the Council of Ministers but this draft Bill was rejected for inadequacy i.e. not covering all the areas of copyright and it was submitted to the Council of Ministers without obtaining ratification from the Attorney General or his support. In 1969, a draft copyright law was prepared by the Minister of Justice, the Minister of Culture and Information and the Attorney General in a joint meeting. Again nothing ensued. The final stage came in 1973 when a draft copyright law was submitted to the Council of Ministers, and this became the Copyright Protection Act 1974.

Attempts to amend the 1974 Act did not succeed until 1996. In 1977, the Copyright Protection (Amendment) Bill, 1977 was presented by the Ministry of Culture and Information to the Council of Ministers. These proposed amendments included the extension of duration of copyright to the author's life and 50 years after his death. In relation to the National Folklore Works, the amendment proposed a new subsection 5 to be inserted in section 8 to attain full protection for such work without any time-limit. Moreover, the amendment provided that the word “work” in section 2 must include scientific works as well as dressing, design, artistic knitting, embroidery, dressing design, koranic recital and prophet

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109. Letter from the Ministry of Justice to Secretary General, Supra, note 93.
110. Id.
111. Letter from Attorney General to the Director Department of Stores and Equipments, No. MJ/legis/320, dated 30th January, a968. (on file No. 242/1951 at Attorney General's Chambers.).
112. Letter from the Legal Secretary of the Sudan government to the Secretary, Governor-General's Council, on Trade Marks Ordinance 1930, No. IS/legis/160 – 161 (on file No. IS/Legis/160 at Attorney General’s Chamber)
ballads. In section 4, it was sought to add the word “folklore” and its following definition; “folklore” means all literary, scientific and artistic works which are invented in the country by authors of the natives and passed from one generation to another and constituting one of the basic elements in traditional heritage”\textsuperscript{113}. Further amendment was to be found in section 17 in which the period of objection to registration was lessened to three months instead of three years. This was because the period of three years was thought to be long enough to allow for general publication, with the result that the objection would be of no value\textsuperscript{114}. In 1980, the Council of Ministers discussed with the Attorney General in a joint meeting the final text of the proposed amendments\textsuperscript{115}.

Another development to be noted occurred in 1991. The Revolutionary Command Council, then the legislative authority, issued the Council of Literary and Artistic Works Act 1991\textsuperscript{116}. According to this Act, the Council has various jurisdictions and powers: firstly, concerning copyright, it has the power to implement the Copyright Protection Act 1974; secondly, it has the power to register and license books; thirdly, it has the power of supervision and direction over all acts concerning literary and artistic work; fourthly and finally, it may impose fees for licenses.

A complete overhauling and updating of the 1974 was proposed in the Copyright and Neighbouring Rights Protection Bill, which was drafted by an official from Unesco in 1994 to 1995. This Bill has been

\textsuperscript{113} Dr. Acolda M. Tier, lecturer at University of Khartoum, Faculty of Law thinks that this is the best definition of folklore unless in the term invented, it should used the word “created or produced better than that term invented, Tier, Lecturer’s notes on the Study of Intellectual Property, (2002)

\textsuperscript{114} Explanatory Note to Copyright Amendment Bill 1997, (on file No. 292/1951 at Attorney General’s chambers).

\textsuperscript{115} Letter from the Minister of Culture and Information to the Attorney General, on Copyright Amendment, Bill 1980, No. MST/40/8/1/20, dated 16\textsuperscript{th} November 1980 (on file No. 292/185/ at Attorney-General’s Chamber).

\textsuperscript{116} Not yet published in the Gazette.
passed as the copyright law we have now. Sudan look forward to join the TRIPs Agreement, if this happened the 1996 Act may be amended to cope with the TRIPS agreement.

(f) International Evolution

By the early nineteenth century, many states issued national copyright laws, amending them from time to time to cope with technological development\textsuperscript{117}. Nevertheless, the territorial character of copyright laws remained constant. Moreover, the grant of copyright protection by national laws is ineffective outside the national territories.

According to UNESCO publication\textsuperscript{118}, “development of international relations, cultural exchanges and translation of works into other languages require protection of works of national origin outside national territories and of foreign author within national boundaries.” Historically, foreign works were originally accorded protection by establishment of special clauses in national laws providing for reciprocity. But these measures were inadequate to provide international protection.

Need was felt for multilateral instruments obliging contracting states to give protection to foreign works, on a large scale. The piracy of author's protected works abroad shifted the emphasis in copyright law to international level. Accordingly, international protection came about at the end of the nineteenth century, through the Berne Convention for Protection of Literary and Artistic Works, 1886\textsuperscript{119}. The members’ parties to this convention are called “unionist countries” but all members states are not governed by the same text of the convention. some countries did not ratify some revisions, so there may be no unity between the unionist countries because in each text there is a new law. Countries that ratified

\textsuperscript{117}. Unesco, \textit{Supra}, note 46, at 15 –16.
\textsuperscript{118}. Id, at 16.
\textsuperscript{119}. It has been revised many times since 1971 (1886, 1908, 1928, 1948, 1967, and 1971).
the revisions are only bound by it. Sudan ratified the Berne Convention in 2000, so it is governed by the last revision. USA did not join the Berne Convention until 1988.

There are many conventions protecting performers, phonogram producer and broadcasts and preventing unauthorized distribution of satellite transmission. The international Convention for Protection of Performers, Producers of Monograms and Broadcasting Organization, 1961 (the Rome Convention); the Convention for the Protection of Producers of phonograms against Unauthorized Duplication of Phonograms 1971 (The Phonogram Convention); Convention Relating to the distribution of phonogramme carrying signals transmitted by Satellite 1974 (The Satellites Convention). Related or Neighbouring Rights are partly covered by the Rome Convention for the Protection of Performers, Phonograms and Broadcasting Organizations of 1961 (Rome)\textsuperscript{120}.

Trade Related Aspects of Intellectual Property (TRIPs) is the most important development in international intellectual property law\textsuperscript{121}. For the most part it demands members of the WTO to recognize the existing standard of protection within the Berne and other conventions\textsuperscript{122}. It requires substantive protection for rights neighboring copyright\textsuperscript{123}. Sudan is not party to TRIPs Agreement for the time being and shall remain as such until it joins the WTO.

After TRIPs, two new intellectual property treaties were promulgated through WIPO: the 1996 WIPO Copyright Treaty and 1996 WIPO Performers and Phonograms Treaty. "These reincorporated the Berne-

\textsuperscript{120} Cornich, Supra, note 6, at 27.
\textsuperscript{121} Each member states is obliged to grant nationals of other members the same right as it accords to its own national i.e. national treatment. They may also introduce exceptions of national treatment.
\textsuperscript{122} TRIPs Art. 2(1), art.9.
\textsuperscript{123} TRIPs Art. 14.
plus element of TRIPs into exclusively intellectual property environment, as well as adding new TRIPs-plus elements.\textsuperscript{124}

(ii) Historical Development of Patents System

(a) Development in England and USA

Under British system, a letter patent\textsuperscript{125} protected early inventions.\textsuperscript{126} It was an official document conferring a right or privilege and carrying a seal at the bottom. During the Middle Ages, the nature of monopolies differed, e.g., the exclusive right to hold a market might be purchased by a town. Other times, merchants and manufacturers made association for their mutual protection on monopolizing all of the local trade.\textsuperscript{127}

Letter of protection was given in England to attract skilled artisans to reside there and engage in their trade to promote public interest. The period between 1331 and 1452 witnessed the issuing of various letters of protection to foreigners and other craftsmen. The first letters patent were granted in 1311 to John Kempe, a Flemish weaver who wanted to practice his trade in England.\textsuperscript{128} In 1324, Edward II and Edward III granted protection to skilled German miners to encourage them to come to England. The sovereigns gave protection to dyers, fullers, weavers and other clothing workers. In 1327, Edward III forbade his subjects from wearing foreign cloth. In 1331, the royal grant of building the clothing industry was given to John Kempe of Flanders who attracted weavers,

\textsuperscript{124} Bently, supra, note 2, at 8. Although these treaties are not yet in force, it seems that WIPO is going to maintain a significant role in international intellectual property law.

\textsuperscript{125} Letters patent are linguistically derived from words meaning "public letter", Foster, et al, supra, note 44, at 5.

\textsuperscript{126} Aidous, Terrel on the law of patent, 1-5 (11th ed. 1965).

\textsuperscript{127} Foster, et al, supra, note 43, at 5.

\textsuperscript{128} Bainbridge, Supra, note 4, at 320.
dyers and fullers of woolen cloth to reside in England, but those immigrants were not inventors\textsuperscript{129}.

The exact time of the grant of the first British patent is controversial. Historians maintain that it was the letter of protection given to John of shiedame in 1440 for the invented process of making salt. In 1449, another early patent which has particular significance in patent history was given to John Utynam for the exclusive right to practice his art of making colored or stained glass for 20 years\textsuperscript{130}.

The year 1559 witnessed the crucial stage in the development of patent. An Italian inventor called Giacopo was granted patent by the Queen for her invention of furnaces and wheel machines which would be copied in absence of protection\textsuperscript{131}. Although Queen Elizabeth created a basis of the present patent law, there were many improper practices during her rule. Sir Walter was granted right to license tavern keepers and to take possession of foreign real estate, even though he originated nothing. In 1575, the Queen granted a patent for impossible scientific invention\textsuperscript{132}. Also the Queen refused an important patent and delayed the introduction of its use for 150 years. She refused to grant a patent to John Herington for his invention of the water closet. There were many notable rejected patents during her period including Stanley's armor plate, Gainibelli's method of land reclamation, and the stocking frame of lee\textsuperscript{133}. Although the number of patents during Queen Elizabeth period was low,

\textsuperscript{129} Foster, etal, Supra, note43, at 5.
\textsuperscript{130} Bainbridge, Supra, note4, at 320.
\textsuperscript{131} He petitioned Queen Elizabeth fearing that others would copy his work, so he appealed to the queen citing that "nothing is mere honest than those who by searching have found out things useful; to the public should have some fruits of their rights and labors as mean while they abandon all others modes of gain, are at much expense in experiments, and after sustains much loss; Foster, etal, id, at 6.
\textsuperscript{132} \textit{Id}, she granted a patent for transmutation of iron into cooper and lead anti-money into mercury.
\textsuperscript{133} \textit{Id} at 7.
her important reign witnessed the regular grant in the history of patents\textsuperscript{134}.

Darcy's patent for the monopoly of importing, manufacturing and selling playing cards was the only patent raised in English courts in \textit{Darcy v. Allin}\textsuperscript{135}. This was an action brought by Edward Darcy against Thomas Allin for the infringement of a patent grant in the 30 Eliz, to one Ralph Bowes and his assigns, for the exclusive making and importing and sale of playing cards during twelve years and renewed for an additional twelve years to the plaintiff, evidently an assignee of Bowes. The defendant pleaded that, as a citizen of London, he had a free right to trade in all merchantable things; and to this plea the plaintiff demurred. The argument against the validity of the patent, insisted that the crown has no power to grant such a patent, and referred to cases in which monopolies of office, toll, etc., had been held void by the courts. It also denounced the patent as contrary to common right, destroying trade and labor, raising prices and filling the market with inferior goods. It then differentiated between lawful and unlawful monopolies. It was not upheld because it conferred an unreasonable monopoly. It was accepted that patents could be granted for new trades and invention on the ground that there was a public benefit in the form of whatever advantages the new development conferred but there was no benefits on the fact of this case\textsuperscript{136}. The court held that the grant of such monopoly caused detriment to anyone who was already selling playing cards\textsuperscript{137}.

\textsuperscript{134} During first 10 years of Queen Elizabeth patent grants were 23, original grant were given, and during the next 20 years period the grants were 25; from 1591 to 1600 only 6 were given, from 1600 until her death in 1603 none was granted.

\textsuperscript{135} 11 coke 48b, 77 Eng. Rep. 1260 (1902), King's Bench, the case of monopolies, it was declared invalid for its illegality at common law besides its prohibition in certain statutes; Foster, etal, \textit{Supra,} note 43, at 68.

\textsuperscript{136} Torreman, etal, \textit{Supra,} note18, at 39.

\textsuperscript{137} Bently, etal, \textit{Supra,} note 2, at 310.
In 1610, "the book of Bounty" was issued, prohibiting monopolies and exempting certain inventions from the order of prohibition. In 1615, the first judicial declaration on the legality of patent was revealed in the report of "Cloth Workers of Ipswich",\textsuperscript{138} a patent for a limited duration was recognized by the court. It was agreed by the court that the king might make corporations and grant to them that they may make ordinance for the ordering and regulation of any trade; but thereby they cannot make a monopoly for that it is to take away free trade which is the birth right of every subject. The court further held that "but if a man hath brought in a new invention and a new trade within the kingdom in peril of his life and consumption of his estate or stoke, etc, or if a man hath made a new discovery of anything, in such cases the king of his grace and favor in recompense of his costs and travail may grant by charter unto him that he shall only use such a trade or traffic for a certain time, because at first people of the kingdom are ignorant, and have not the knowledge and skill to use it. But when the patent is expired the king cannot make a new grant thereof".

The British crown used to confer trading monopolies by letter patent. This royal practice was abolished by parliament in 1624 when it passed the Statute of Monopolies\textsuperscript{139}, restricting the monopolies to intellectual property invented or imported; the objective was to promote industrial growth rather than to protect the inventor. Its impact was very little for many years. The age of monopolies was extinguished by the great


\textsuperscript{139} It provided that any declaration before mention shall not extend to any letters patents and grant of privilege for the term of fourteen years under the sole working or making of any manner of new manufactures within this realm, to the true and first invention or inventors of such manufactures which others at the time of making such letters patent and grants shall not use, so as also they are not contrary to the law, or mischievous to the state, by raising price of commodities at home, or hurt of trade; Bainbridge, Supra, note 4, at 320.
Rebellion. The grant of patent continued without change until long after Restoration\(^{140}\). N

The term of patent protection was 14 years. In some cases a longer term was given. In Lairdet’s Patent\(^{141}\), a patent was granted for 18 years by private Act because it was accepted that a longer term was needed to allow proprietor to achieve adequate recompense and to encourage him to make it available to the public. However, the proprietor was constrained as to the price he could charge for his cement.

The seventeenth century provided primary principles of patent system. In the early eighteenth century, patent specification appeared. Then, the court of Chancery took the initiative to enroll patentee's statement of their invention. Half a century later the court made patentee's sufficient statement of his conception a pre-requisite for the monopoly afforded to him. Between 1853 and 1857 all the patents granted were published. By 1718, specification of drafting patent became compulsory. In 1785, the king v. ArkWright\(^{142}\), a patent for a water powered spinning machine was held to be invalid through want of details. In 1790, the proposal for reform was submitted since patent system was criticized as long-winded, difficult and expensive. The system was modified by the Patent Law Amendment Act 1852. The patent office library was opened to classify patents\(^ {143}\). Also patents were organized

\(^{140}\) Cornich, Supra, note 6, at 66; the statute of monopolies was considered the grand father of all patent law and it remained the only English act governing patents until the nineteenth century, the essence of modern patent law can be traced back to this law; Foster, etal, Supra, note, at 7; Torremans, etal, Supra, note 18, at 38.

\(^{141}\) (1774) IWPC. 52, cited in Bainbridge, Supra, note 4, at 320.

\(^{142}\) (1785) IWPC, 64; the facts of this case is as follows; Arkwright was a barber from Bolton who left his business and nagging wife to pursue his interest in inventing. Arkwright discovered to his chagrin when his main patent for a water powered spinning machine was held to be invalid through want of details, cited in Bainbridge, Supra, note 4, at 320.

\(^{143}\) Now known as Reference and information Service.
alphabetically and rules ensured that the title of patent must correspond to the patent invention\textsuperscript{144}.

In the course of the nineteenth century, there were three greatest changes; one was the change of patent from a creative of crown prerogative to a creative of bureaucracy. The other change was the crystallization of patent law after publication of first text books on patent law and first series of judicial decisions that helped in considering the validity and infringement of patent. The third change was that the emerging patent system was subject to a considerable amount of vocal and highly critical public inspection, calling for the reform of patent law or for the abolition of the whole patent system\textsuperscript{145}.

The second half of the nineteenth century witnessed the internationalization of the patent system. To cope with the provisions of the Paris Convention for the Protection of Industrial Property 1883, the Patents, Designs and Trade Marks Act 1883 was passed substituting the seal of the patent office by the Monarch's Great seal and, empowering it to investigate applications. Aspects of British registration were based on borrowing concepts from French and American patent law and were designed on foreign regime\textsuperscript{146}. Since 1836, the lack of bureaucracy for examining prior literature caused patent to be granted for invention. In 1949, the Patent Act was enacted based on the same principles already described in earlier British specifications. When United Kingdom ratified to TRIPS Agreement it was not required to amend its provision because its provision cope with the convention\textsuperscript{147}.

Until early part of the twentieth century, novelty was not a pre-requisite for the grant of patent. The objective of granting monopoly was

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\textsuperscript{144} Bainbridge, \textit{Supra}, note 4, at 320; Bently, etal, \textit{Supra}, note 2, at 312.
\textsuperscript{145} Bently, etal, \textit{Supra}, note 2, at 311.
\textsuperscript{146} \textit{Id}, at 313; Torremans, \textit{Supra}, note 18, at 39.
\textsuperscript{147} Cornich, \textit{Supra}, note 6, at 112
\end{flushleft}
that the patent should be used as a source of technical information. Hence, the requirement of an adequate description was often pressed. The position now is that a patent is granted to encourage invention. Consequently, the system became cheap and simple but subject to attack on the grounds of lack of inventive steps. According to the Patent Act 1902, patents were granted on the basis of novelty. The revisions of 1907, 1919, 1932 and 1949 codified the law but did not alter the position. In 1919 restrictions upon claim to chemical substances were imposed and removed again in 1949 for non-valuable considerations.

The Patents Act 1977 was designed to take account of the European Patent Convention. A certificate from Comptroller-General of patents, designs and trade mark is given instead of letter patent. The term of patent is 20 years.

In 1886, in USA, the United States Patent Office instituted a bureaucracy examining prior literature. In 1836 and 1891, USA allowed foreigners to apply for patents well before it offered copyright to foreign authors.

(b) Development in Greece, Rome, Venice and Germany

In 500 B.C, the earliest reference to patent was a written message about a Greek Colony called Sy baris for luxurious living and self-indulgence.

Roman law recognized reward theory to creative citizen in the earliest times. In A.D 337, the Roman Emperor Constantine granted privileges to

148. id.
149. Bently, Supra, note 2, at 313.
150. Cornich, Supra, note 6, at 110.
151. id, at 114 – 116.
152. This message was written by third-century Greek historian Phlarches in the Banquet of Learned. The message explained that a monopoly was granted for one year as an inducement for others labour at excelling in such pursuits; Foster, etal, Supra, note 43, at 3.
majority of inventors included chariot makers, engineers and locksmith inventor. In A.D 483, the Emperor Zeno refused monopoly of any kind relating to clothing or food. This was a familiar principle in patent system of many countries and has been extended to medicine.\textsuperscript{153}

The first universal patent system existed in Venice.\textsuperscript{154} The early republic of Venice exercised influence over the majority of trade between Europe and the rest of the world until the discovery of the sea route around the Cape of Good Hope. In 1297, a Venetian decree was enacted. It provided that if a physician made a medicine based on his own secret, it had to be kept within the guild and all guild members ought to swear on oath not to look closely or inquisitively into it. In 1443, the first actual patent of invention in the world was granted to Antonius Marini on his waterless flour mills for 20 years.\textsuperscript{155} In 1474, a decree was passed rewarding inventors of new objects with limited monopoly on condition of disclosure of the invention to the state.\textsuperscript{156}

On September 15, 1594, a patent for a device that raised water and irrigated land was granted for 20 years to the most Venetian famous inventor called Galileo.\textsuperscript{157} The decree stated that infringers would lose their machines and be fined 300 ducats.

In the thirteenth century, the notion of monopoly rights over inventions was firstly developed by German miners of Alps.\textsuperscript{158}

\textsuperscript{153} \textit{id}.
\textsuperscript{154} Torremans, et al, \textit{Supra}, note 18, at 38.
\textsuperscript{155} Antinous Marini offered to build 24 hour mill for each of Venice’s boroughs. Although his services were old, he requested the right to build them and ask the Senate to forbid others to construct a mill that operated without water. The Senate granted his petition testing one of the borough’s mill; Foster, et al, \textit{Supra}, note 43, at 4.
\textsuperscript{156} Torremans, et al, \textit{Supra}, note 18, at 38.
\textsuperscript{157} A professor of mathematics at Puda; Galileo, petitioned that his invention was capable of discharging water through 20 spouts with the motive power of single horse; \textit{id}.
(c) Development in Sudan

Although the need for a patent system was properly felt from early times, the enactment of patent legislation did not appear until recently. The system in force prior to 1906 was that proprietors of patents and trade marks were permitted to deposit at the Legal Secretary's Office descriptions thereof and to issue a notice in the Sudan Gazette claiming a right of property in the invention or design\textsuperscript{159}. In Sudan Gazette No. 95 of 1\textsuperscript{st} May 1906 a notice was published to the effect that, as the issue of legislation with regard to patents and trade marks was under consideration, no further claim to inventions or trade marks would be registered in the Legal Secretary's Office until further notice and with the view to preserving rights of priority, any person who so wished could deposit his claim in the Legal Secretary's Office, and a note was taken of the date of such deposit. It was, however, found that the effect of such deposit was misunderstood, and that owners of patents and trade marks were led to believe that the deposit gave them a provisional right to the patent or trade mark. A notice was therefore published in Sudan Gazette No. 147 of 1\textsuperscript{st} January 1909 declaring that the deposit of patents and trade marks would no longer be accepted\textsuperscript{160}.

The legislation contemplated was an ordinance for registration of patents, designs and trade marks, but subsequently, after correspondence with Sudan Chamber of Commerce, it was decided that the subject was a highly technical one and required an expert to deal with the patents and designs submitted for registration. Such legislation should be deferred until there was an urgent demand for it. It was generally thought that the courts would be able in accordance with justice, equity and good

\textsuperscript{159} Explanatory note on Trade Marks Ordinance 1930, (on file No. IS/legis/160, at Attorney General's Chamber).

\textsuperscript{160} \textit{id}.
conscience to protect genuine owners of patents and trade marks from infringement, piracy or colourable imitation. There had been very few applications for registration of patents and designs but many applications were received for the registration of trade marks. In 1923, a system was introduced whereby advertisements of patents were accepted but different considerations applied to them, and this system did not in any way purport to deal with the registration or protections of patents.

The protection of invention took the form of "cautionary notice" given by the court announcing the invention and its owner. But this was not sufficient protection for the inventor, because the invention could easily be infringed. Hence, in 1969, the government attempted to give protection by letter patent. The Ministry of Supply and International Trade firstly suggested the need for patent law on the 18\textsuperscript{th} of September 1969\textsuperscript{161}. On the 29\textsuperscript{th} of September 1969 the Council of Ministers agreed to this suggestion and requested that the Ministry of Supply and Internal Trade should contact the Ministry of Justice for the enactment of the draft bill\textsuperscript{162}. Accordingly, on the 25\textsuperscript{th} of October 1969 the Ministry of Supply and International Trade presented the draft patent bill, based on the Model Law of Developing Countries prepared by the expert Committee of the International Bureau of Industrial Property in Geneva, of which Sudan was a member\textsuperscript{163}. On the 11\textsuperscript{th} of January 1970 the Ministry of Justice presented amendments of the draft Patents Bill to the Minister of Supply and International Trade for the examination of the proposed

\textsuperscript{161} Letter from Ministry of Supply and Internal Trade to the Council of Ministers, on Protection of National Inventions, No. Ref. p/1, dated 18\textsuperscript{th} September 1969, (on file No. MJ/legis/412, at Attorney General's Chamber).
\textsuperscript{162} Letter from the Council of Ministers to the Ministry of Justice, Resolution No. CM/1-A-5-4/366-369; 371-172 dated 7\textsuperscript{th} October 1969 (on the file No. MJ/legis/412, at Attorney General's Chamber).
\textsuperscript{163} Letter from Commercial Registrar to the Ministry of Justice, No. TM/GEN/22 dated 25\textsuperscript{th} October 1969 (on file No. MJ/legis/412, at Attorney General's Chamber).
amendments. On receipt of the reply, the Bill was amended on the 19th of January 1970 and the Council of Ministers submitted the matter to the Ministry of Industry and Mineral Resources to expedite the drafting. On the 10th of March 1970, the Ministry of Justice sent a letter to the Ministry of Supply and International trade inquiring about the revised draft and whether it was acceptable to them. In response to this letter, the Ministry of Supply and Internal Trade submitted the English version of the draft patents Bill to the Ministry of Justice. On the 5th of July 1970, the Minister of Justice sent a letter to the Minister of Supply and Internal Trade for the approval of the English and Arabic revisions and for the preparation of the draft regulations. The final stage came on the 29th of July 1970, when the draft law was submitted by the Ministry of Economics, Commerce and Supply to the Council of Ministers for approval. On 25th of August 1971, the Council of Ministers issued the current Patents Act, 1971.

(d) International Development

Britain ratified the Paris Convention of Industrial Property of 1883. In 1969, the convention provides for the principle of national treatment which guarantees the national of each member state, the same treatment as is given to their own nationals. Another important

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169. Subsequently revised in 1900 (Brussels), 1911 (Washington), 1925 (The Huge), 1934 (London), 1958 (Lisbon) and 1967 (Stockholm).
170. Cornich, Supra, note 6, at 116.
achievement of the Paris Convention was that it provides that an application for a patent in one member state should not prejudice later application in another member state\textsuperscript{171}.

The Patent Cooperation Treaty – PCT of 1970 (Washington) entered into force on June 1, 1978, and it is administered by WIPO in Geneva. The advantage of this treaty is that it permits the applicant to institute applications in numerous countries by a single procedure; and delay the final decision to apply in number of countries for a period of 20 months after his priority date.

(iii) **Historical Development of Trade Marks Law**

The role of trade marks in the world today is due to a long and complicated history.

(a) **Ancient Civilizations, England, and Europe Generally**

Ancient history witnessed the distinguishing of the maker of products, bricks, leather, books, weapons … etc by letters or other symbolic signs. Hence, at that time, a trade mark played an important role in market economy countries. Although this role is different from the role of trade marks today, these letters and signs were treated as signs of ownership distinguishing their marks. Even though the term "trade mark" was created recently in the 19\textsuperscript{th} century, its previous function remains constant.

In the earliest times traders recognized marks to distinguish their goods and to indicate their ownership. Thus, in 500 B.C there were earlier marks such as markings on pottery of the Stone Age Period, markings on animal as appeared in cave, drawings found in South-

\textsuperscript{171} . Paris Art. 4; Bently, Supra, note2, at 313.
Western Europe of bison with symbols on their flanks. These old marks were used to identify ownership\textsuperscript{172}.

In 3200 B.C, marks were used to identify the responsibility of the maker for detective merchandise. Those were potters marks identifying the origin of fired clay pots, including jars buried in tombs of the First Dynasty Egyptian Kings, marks of building stones with symbols to identify either their quarry or the masons who prepared them; stamped on the roof tiles and bricks with their makers’ names. In 3500 B.C, cylindrical seals were used in the Sumererian cities of Mesopotamia to clarify the supplier of commodities taken to the temple exchange. Many stones seals have inscriptions cut in reverse to be made into clay\textsuperscript{173}.

Between 500 B.C and 500 A.D, Roman civilization gave us the earliest documented records, showing an economy of trade mark. Latin literature showed evidence of the use of makers’ mark on cheese, wine, lamp, medicine, metallic ornaments and glass vessels. Also, there were references to seals used for making cloth, masons’ marks chiseled on building stones, tiles and bricks to identify their makers. From ancient civilization, the obvious evidence was pottery\textsuperscript{174}.

There were clever and surprising trade marks in form of picture such as a bee, a heart, an animal, a Christian symbol, metals, a lion's head and a wolf's head. The fifth century A.D which included the period of Dark Ages and the fall of Roman Empire, through the eleventh century A.D, witnessed the lack of information on trademark. In the middle Ages, from the twelfth century on, words marks were used on variety of goods\textsuperscript{175}.

\textsuperscript{172} Foster, etal, \textit{Supra}, note 43, at 19.
\textsuperscript{173} id.
\textsuperscript{174} 600 different Roman potters' marks have been identified,
\textsuperscript{175} Foster, etal, \textit{id}, at 20.
Throughout Europe, under the control of guilds, marks were used within guild structure for various purposes to be able to indicate the source of unsatisfactory goods\textsuperscript{176}. Also merchants were not allowed to advertise. As a result, trade marks were used as "merchant's mark". This mark became more important than a maker's mark between the fourteenth and seventeenth century and it was called police mark because they were compulsory. In 1353, an English statute afforded a foreign merchant restitution for lost goods if his mark proved ownership. Also, the guild regulation made the guild symbol compulsory on every article produced by one of its members. The guild's mark had to satisfy certain standards, the absence of which caused the disciplinary action\textsuperscript{177}.

The year 1266, witnessed the emergence of the earliest statute of trade mark in English law during the reign of Henry III. The statute provided that any bread ought to have a mark. In the thirteenth and fourteenth centuries, there were bells – jounders` marks, and the use of watermarks on paper. In 1373, an ordinance was passed providing that bottle makers had to place their individuals' marks on all "vessels made of leather".

In the fifteenth and sixteenth century, the marks were used widely by armorers, metal workers, paper makers, printers, tapestry weavers, smiths and tanners. At that time, infringements of trademarks were punishable by strict laws. In the Palatinate, in the fourteenth century, an innkeeper was hanged for his sale of cheap wine as Rudesheimer. Still, marks were not used widely because most sellers were well-known among their customers who bought their products\textsuperscript{178}.

\textsuperscript{176} Guilds were trade organizations having control over who could make certain goods or provide certain services and they were concerned to ensure that the goods were of satisfactory quality; Bently, Supra, note 2, at 656
\textsuperscript{177} Foster, id, at 20.
\textsuperscript{178} id, at 81.
The role of trade marks also appeared in the British insurance companies. Upon introduction of fire insurance, the insurance companies used different marks to identify the insured properties so that they can put out only those fires that occurred on them.

In 1452, English trademark law begins to develop upon the earliest case of a trade mark of a deceased artisan. A widow of London blade smith was given the use of a particular mark of her husband. In 1618, there was the first actual infringement case of trade mark in English law, Southern v. How. A clothier sued another clothier who used the same mark on "his ill-made or inferior cloth on purpose to deceive". It was not, however, until the nineteenth century when the importance of trade mark took place and became worthy of legal protection.

The urge for sale of products and services by means of names, marks or brands grew with the growth of modern capitalism. Before industrialization, traders used marks of different kinds to distinguish their products. But the commercial revolution, the growth of canals and railways, the development of modern advertising methods and large scale retailing made it necessary that some legal protection be provided for trade marks, names and brands.

In the English case-law, such legal protection was sought since the early years of industrialization. The court of equity took the lead in this respect because plaintiff sought injunction. Similar actions for damages at common law courts followed. The action on the case for deceit (held to lie at the instance of a competitor) where the deception of the public by

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179. (1618) Popham 144 cited in Foster, Supra, note 44, at 41; Bainbridge, Supra, note 4, at 524.
180. Cornich, Supra, note 6, at 598 – 612.
181. The hallmarks of goldsmith and silver smiths and the mark of Sheffield cultures are English examples which has still found as distinct system; id.
182. Bently, Supra, note 2, at 656; Cornich, Supra, note 6, at 598.
imitating others’ trade marks or brand was held in itself as fraud. Further some judges have acknowledged that a trade mark or name was protected specially against cheap import that did not declare what the goods were. In the case of Blanchard v. Hill, the court refused to grant an injunction at the suit of a manufacturer of playing cards, to restrain the defendant from making and selling cards bearing a counterfeit of the plaintiff’s mark, on the ground that he knew of no instance of the granting of an injunction to restrain one trader from using the same mark as another, observing that to impose such restraint would be ‘fraught with mischievous consequence’. But if the case of the mark were done with fraudulent design or to draw away customers from the other trader, whose mark was thus appropriated, that might be sufficient to maintain an action.

In the early part of the 19th century, the courts of Chancery developed the doctrine of fraudulent intention in case of infringement. This doctrine was gradually abandoned with the doctrine of genuine property right of the owner. In the common law fraud had to be proved until the Judicature Act 1873. This period witnessed the emergence of the action of passing off which simply means the forbidding of a person from passing off his goods as those of another. Passing off required a trader to prove that there had been a misrepresentation which deceived consumer.

By 1850, as the complaints of competitors and the public against adulterated goods and drugs and against the use of the false imitation of

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183. Skyes v. Skyes (1842) 3B & C. 541 (the basic principle appears) already to be established; Blofeld v. Payne (1833) 4B & AD, 410.
186. id
187. Cornich, Supra, note 6, at 599.
188. Bently, supra, note 2, at 657.
brands, marks and names increased there were calls for legal protection. At that time, criminal law was looked upon as the principal machinery for the protection\(^\text{189}\).

Important commercial interest wanted Britain to adopt a system of registration like the one adopted by the French Law of 1857 because the register would save the traders from the cost and laborious task of proving the fact that the plaintiff had a trade reputation with the public. But the demand for a registration mainly arose from the international trade with the hope of stopping foreign imitations of British marks which some Prussian and American traders passed off as their own. At the same time, an offer would be made to protect foreigners’ marks in Britain\(^\text{190}\).

Furthermore, protection was sought in the Merchandise Marks Act, 1862, which included “foreign trade marks” amongst its prohibitions of false marking of goods\(^\text{191}\). Since the 1862 Act was a criminal statute, it provided the process required in the event of misdescription of wares in which the ordinary rules of prosecution by citizens were to apply. Still the civil suit action was far from being at hand for competitors against false imitations. By the enactment of the revised Merchandise Markets Statute of 1887, the Merchandise marks legislation seems to have become complete\(^\text{192}\).

The problem of deliberate counterfeiting became complicated abroad rather than at home. This called for the effectiveness of the proposed new law\(^\text{193}\). By the year 1875, it was felt necessary to have a system of trade mark registration\(^2\). This system formalized the passing off

\(^{189}\) Cornich, Supra, note 6., at 600

\(^{190}\) id., at 600.

\(^{191}\) id.

\(^{192}\) id.

\(^{193}\) Torremans, Supra, note 18, at 344.

\(^{194}\) Trade Marks Registration Act 1875, s. 10; amended in 1876 and 1877 and then incorporated in the Patents, Designs and Trade Marks Act 1883; an important purpose of registration of trademarks
action. The system of registration had its own characteristics: only a limited number of symbols might be registered as trade marks in the first 30 years of the register's operation; registration was subject to official inspection and opposition by third parties after the advertisement of an application, and prior use or registration of the same trade mark prevented registration. But registration as such did not confer protection against passing off. Still traders gained sympathy of judges who considered that actual trading should have the priority in legal protection. These common law and equitable rights provided adequate methods of protecting trade marks. Registration in Britain underwent many amendments and conditions for watertight protection for all trade marks. Also, the system of registration of marks was accompanied with numerous advantages over passing off. It lessened the difficulties of passing-off and distinctiveness arising in passing off action. Moreover, registration facilitated the protection of a sign prior to use. There were many advantages that developed later when the 1938 Act allowed the assignment of marks without good will of the business. The 1875 Registration Act protected trade mark as indication of origin. Nevertheless, around the beginning of the twentieth century, trade marks became valuable assets in their own right. Service marks were never brought into the system but left wholly to the common law protection.

From 1875, then, the essence of modern system of trade mark law and practice was not changed, but the law was changing. New Acts amended the law in 1883, 1905, 1919 and 1938.

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195. Bently, supra note 2, at 658.
196. The register was divided into parts A and B in order that certain marks could be given not quite complete protection before they have been used enough to overcome all doubts.
197. Bently, supra note 2, at 658.
198. Cornich, Supra, note 6, at 600.
199. Torremans, supra, note 18, at 344.
In 1905, a new trade mark Act was passed. The statutory privilege of this Act was not conclusive because if a mark was not used for the last five years, a competitor or an interested person could have this mark removed from the register. In countries like France and Italy, the earlier goldsmiths and silversmiths stamped their marks on their wares. The system of registration in these countries works differently; registration is allowed free from any conditions, and there is a register for all trade marks already in existence.

The twentieth century saw a vast development in business organization and gigantic leaps in trade practices led by the American trusts. Mass production and growth of popular and ambitious press, together with the international transaction in successful products and the immense imports from everywhere, have made protection the concern of municipal government. These together with other factors increased the importance of trade marks. Moreover, they made the British system more eligible for copying with this vast and complicated leap in business transaction both locally and in the international arena.

The spread of corporate grouping under patent holding companies and the increase of licensing of technology and business package made it necessary that legal process as regards trademarks must cope with this development. Thus, amending statute, Trade Marks Act 1919 was passed and divided the register into part A and part B marks which defined the term “trade mark” for the first time. In 1938, the Trade Marks Act, 1938 was passed consolidating the 1905 and 1919 statutes. This Act provided that if different persons in different countries owned the same trade marks, the right could be employed to prevent the passing off such
as the importing form of the similar mark or through innovation of principle of the unfair trade practices. To guard against the effects of the new advertising techniques, the 1938 Act made two concessions: First, very well known trade marks became registerable defensively for goods which the owner did not trade, thus, preventing others from making use of their notoriety even though it was not welcomed in courts. Second, owners were enabled to object to comparative advertising and similar practices seeking to take the benefit of advertising without paying for it\textsuperscript{204}. The Trade Marks Act 1938 was complicated and complex, the protection conferred to trade mark had fallen behind trading practice\textsuperscript{205}.

In the middle of the last century, British law was imposed on the region of North America, which became the United States of America. The independence of the USA in 1776 and the strong coalition of trade mark owners persuaded the USA Congress to pass the Trade Marks Act, 1870 which was repealed seven years later for the lack of constitutionality\textsuperscript{206}.

In 1974, there was a proposal by the Mathy Department Committee to admit service mark into the register\textsuperscript{207}. Consequently, 20 years after Mathy basic development have been introduced into United Kingdom by the Trade Marks Act 1994. As a result, the new community orders for trade mark registration are instituted, allowing access to international registration through the so-called Madrid Protocol.

In 1984, the Trade Marks Act was passed amending the 1938 Act and extending protection to service marks such as laundries and banking. Further amendment was made by the Patents, Designs and Trade Marks

\textsuperscript{204} Cornich, \textit{Supra}, note 6, at 603.
\textsuperscript{206} id.
\textsuperscript{207} Service mark became registerable under the Trade Marks Amendments Act 1984. Many other Mathys recommendation is found in the “New deal” of 1994; Cornich, \textit{Supra}, note 6, at 603.
Act 1986. In 1990, The Mathys Committee recommended fundamental reform. Different factors suggested this reform. The first factor was the influence of “Europeanization” on trade mark law. The directive was passed to harmonize the national laws of trade marks and to remove potential barriers to free trade. Secondly, the EU shares in the establishment of community-wide trade mark distinct from individual national marks. Thirdly, trade mark rights become internationally important and took great role. Thus, the 1938 Act was amended by successive legislations, 1984, 1986 and 1988.

(b) Evolution in USA

Like those in England, the earlier US trade Marks were primarily proprietary marks and used as branding cattle. The first trade mark case on state record in America was decided in 1837. Then in 1845, the first federal court on trade mark case was decided, when an English manufacturer accused US citizens of infringing his trade mark. 1870 had 62 total trade mark cases decided in the United States. In 1871, witnessed the first trade mark case in USA Supreme Court.

Following these decisions, the United States enacted its national legislation. In 1791, the Secretary of State petitioned the second Congress for the exclusive right to use certain marks on sailcloth and for the enactment of a federal trade mark statute. 80 years later, in 1870, Congress enacted the first federal Trade marks Statue. After three years, the Supreme Court cancelled this statute for lack of constitutionality. In United States v. Steppers, the court held that Congress had no power to
regulate purely state matters such as trade mark rights. Consequently, the 1881 Act was passed by Congress. This Act was replaced by 1905 Act, which provided that the ownership of trade mark is acquired by adoption and use\textsuperscript{213}.

In 1920, the 1905 Act was supplemented and later replaced by current existing Trade Marks Act 1946, which is called Lanham Act. Since then, the current Act has been subject to several amendments. Federal Laws neither create new rights nor codify the common law of trade mark at federal level. The reason for this is the constitution, which does not provide a clause on trade mark. The only constitutional grant is Interstate Commerce Clause allowing Congress to regulate it and to enact necessary and proper legislation to achieve that regulation\textsuperscript{214}.

(c) Development in Sudan

There has been a continual demand for registration of trade marks since 1899\textsuperscript{215}. The system in force prior to 1906 has been previously discussed in the historical background of patent law. As has been seen, this system was suspended in 1906. In 1923 a system was introduced whereby advertisements of trade marks were accepted for publication in the Sudan gazette No. 413 of 15\textsuperscript{th} April 1923. Many advertisements have appeared under the heading “Cautionary Notice”. The advertisement usually contained words to the effect that such a trade mark was the exclusive property of the advertiser and that proceedings would be taken against any person infringing the said mark.

On the 25\textsuperscript{th} of May 1929, the Legal Secretary of the Sudan Government sent a letter to the Director of Commercial Intelligence

\textsuperscript{213} Foster, etal, Supra, note 43, at 22.
\textsuperscript{214} Miller, etal, supra, note 212, at 157.
\textsuperscript{215} Trade Marks Ordinance, explanatory Note, (At Attorney-General's Chamber, file No. IS/legis/160.
Branch, Central Economic Board, suggesting the introduction of trade marks legislation dealing with its registration in the Sudan and forwarded a draft Trade Marks Ordinance and Rules for consideration and comments²¹⁶. On the 16th of January 1930, the Financial Secretary of the Sudan Government notified the Legal Secretary that the Director General of the Economic Board took up the matter with the Chamber of Commerce²¹⁷. The Chamber approved the draft ordinance and the Rules and made some comments. On 30th of March 1930, the comments of the Chamber of Commerce on the draft Bill were passed to the Legal Secretary of the Sudan Government²¹⁸. On the 27th of May 1930, the ordinance was passed by the Governor-General's Council²¹⁹. This ordinance was based on the Palestine Trade Marks Ordinance of 1921 and 1923 which were themselves modeled on the English Trade Marks Act of 1905 and 1919²²⁰.

The remaining stages of the Ordinance were necessitated by the status of the Sudan as a condominium. On the 27th of June 1930, the Legal Secretary of the Sudan Government forwarded four copies of the Trade Marks Ordinance 1930 to the Secretary of the Governor-General's Council for transmission to the Residency for approval²²¹. On the 3rd of

²¹⁶. Letter from the Legal Secretary of the Sudan Government to the Director of Commercial Intelligence Branch, Central Economics, on the Registration of Business Names Ordinance and the Trade Marks Ordinance, (unnumbered), dated 25th May 1929, (on file No. IS/legis/ 160 at Attorney- General's Chamber).
²¹⁷. Letter from the Financial Secretary of the Sudan Government to the Legal Secretary, No. FDK/629-3 dated 16th January 1930, (on file No. IS/legis/ 160 at Attorney- General's Chamber).
²¹⁸. Letter from the Director of Commercial Intelligence Branch, Central Economics Board to the Legal Secretary, on Registration of Business Names Ordinance 1930 and the Trade Marks Ordinance 1929 (unnumbered), dated 30th March 1930, (on file No. IS/legis/ 160 at Attorney- General's Chamber).
²¹⁹. 332nd meeting of the Council.
²²¹. Letter from the Legal Secretary of the Sudan Government to the Secretary of the Governor-General's Council, on the Trade Marks Ordinance, No. IS/legis/ 160-1, dated 7th June 1930, (on file No. IS/legis/160, at Attorney- General's Chamber).
July 1930, the Arabic translation was approved by the High Commissioner for Egypt and the Sudan, the Residency Cairo

On the 19th of July 1930, an Arabic translation was received and sent for printing. On the 12th of September 1930, the Trade Marks Ordinance 1930 was transmitted to Egypt for notification to the Council of Ministers

On the 18th of November 1934, an attempt was made to amend the Trade Marks Ordinance 1931 since sufficient time had elapsed to permit any suggestions as to amendments. The reasons for the amendment were that at the time of the introduction of the Trade Marks Ordinance 1931, the schedule of fees and Rules defined “series of marks” as being several trade marks belonging to the same proprietor for the same description of goods in the same class and registered at the same time. Under this definition many marks had been placed on the register in the Sudan which would not in England and elsewhere obtain registration as series. Consequently, certain amount of revenue had been lost in fees as each mark in a series of the first only 35 pt. as against 5 pt. for a mark not in a series. Hence, the Registrar of Trade marks requested the Legal Secretary that the definition of “series of marks” should follow the English Trade Marks Act 1919 so that registration of a series of marks should be confined as far as possible to the definition obtaining in legislation abroad. At the same time series of marks already on the register were not required to be re-registered, and the new provision was proposed to take effect on publication in the gazette.

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222. Letter from Acting Governor General of the Sudan to High Commissioner for Egypt and the Sudan, the Residency, Cairo, No. 164 (64-R-1), dated 3rd July 1930, (on file No. IS/legis/160, at Attorney- General's Chamber).

223. Letter from the Legal Secretary of the Sudan Government to the Secretary Governor-General's Council, on The TradeMarks Ordinance 1930, No. IS/legis/160-1 (on file No. IS/legis/160, at Attorney- General's Chamber).
Furthermore, the definition of the term in Trade Marks Rules was proposed to be amended to correspond to that in the ordinance. Slight amendment was proposed in the Trade Marks Fees Rules to make it clear that the fee on the assignment of a mark was to be payable in respect of each mark in each separate class on the register. Accordingly, on 1st December 1934 the Trade Marks Ordinance 1931 was amended\(^\text{224}\). On the 6th of February 1935, the Trade Marks (Amendment) Ordinance 1935 was passed by the Council and approved by the High Commissioner\(^\text{225}\).

On the 20th of January 1967, the Minister of Supply and Trade presented a draft of the Trade marks Act 1967 to the Council of Ministers for approval\(^\text{226}\). This draft had been carefully studied to cope with international legal developments in this respect together with the modern techniques for the protection of commercial ownership. It was also designed to cater for the future economic development, which would certainly require the regulation of trade mark registration. The salient features of this draft as set out in the Minister's letter were firstly; prohibition of the use of the trade marks which might lead to unfair trade competition; secondly, prohibition of marks which might be injurious to religious believes; thirdly, prohibition of marks which might mislead the public or cause bad commercial reputation to the country; fourthly, introduction of methods for registration of service marks and registered users subjecting the financial obligation that might arise from the later consideration of the use of the mark by any body other than its registered proprietor to the control of the Official Authorities; and lastly, introduction of new provisions which might permit the application of the

\(^{224}\) Letter from Legal Secretary to the Secretary of the Governor General's Council, on the Trademarks Amendment Ordinance and Rules 1930, No. IS/legis/160, at Attorney- General's Chamber.


\(^{226}\) Telegram from Sudan Agent, Cairo: To Secretary Governor-General's Council. Khartoum. No. Des. P. 13-47 Record 14 160 at Attorney-General's Chamber).
boycott laws\textsuperscript{227}. On the 22\textsuperscript{nd} of February 1967, the Council of Ministers agreed to the amendments but requested the constitution of technical commission by the Minister of Supply and Trade to consider the matter. On the 1\textsuperscript{st} of December 1968, the Council of Ministers approved the Bill and on the 24\textsuperscript{th} of March 1969, the Bill was submitted to the Constituent Assembly which passed it as the Trade Marks Act 1969\textsuperscript{228}.

The Trade Marks Act, 1969 has been amended only once. Even then the amendment was a merely technical one introduced by the Miscellaneous Amendments Act 1970. The change made was that the reference to “Ministry of Commerce, Industry and Supply” must be read and construed as reference to the “Ministry of Supply and Internal Trade”. Since then, the Act has not been amended and is still in force.

(d) International Development

The international protection of national trade marks came about as a result of the ratification of the Madrid Agreement on the International Registration of Trade Marks of 1891. This enables an applicant whose mark has been registered in his home or business to deposit an international registration with an international office\textsuperscript{229}, thus, allowing his work to be registered in other member states determined by applicant, unless that state objects within 12 months. According to Madrid Agreement, independent national trade marks are subject to the qualification that if the home registration is invalidated within five years, all international registration is subject to this “central attack”\textsuperscript{230}. The UK could not ratify the Madrid Agreement because the agreement worked

\textsuperscript{227} Letter from the Minister of Supply and Trade to the Council of Minister, on the Trade Marks (Amendments) Act 1930, No. MST/CO/15-172, dated 20\textsuperscript{th} January 1967, (on file No. IS/legis/160, at Attorney- General's Chamber).

\textsuperscript{228} Revolution of Council of Ministers, on Bill of Trade Mark Ordinance 1986, No. 127, dated 1\textsuperscript{st} December 1968, (on file No. IS/legis/160, at Attorney- General's Chamber).

\textsuperscript{229} Now this International Office is WIPO.

\textsuperscript{230} Cornich, Supra, note, 6, at 605.
against those who first registered in UK where examination of all application is required\textsuperscript{230}.

The Madrid Protocol gave an alternative method of using the Madrid Scheme. UK has now acceded to the Madrid by way of the Protocol. The Madrid Agreement and the Protocol afforded useful simplified mechanism for obtaining national registration\textsuperscript{231}. The Protocol is for applicants who are nationals of, or domiciled in, or have a real effective industrial or commercial establishment in Protocol country. The Community Trade Marks, which became effective on 14\textsuperscript{th} April 1996, gives a trade mark owner a single legal right that works throughout the European Community of Trade Mark with the Office for harmonization in the internal market\textsuperscript{232}.

The TRIPs Agreement imposes an obligation on its applicant states to apply the Paris Agreement standards relating to trade marks\textsuperscript{233}. TRIPs extend the Paris Convention provision on the protection of well known marks to service marks and to cases of dilution by use for different goods and services where that use is damaging\textsuperscript{234}. The concept of well-known marks has been contested. TRIPs provides that in assessing whether a mark is well-known, members shall take account of the knowledge of the trade mark in the relevant sector of the public, including knowledge in the member concerned which has been obtained as the result of the promotion of the trade mark\textsuperscript{235}. UK recently recognized a special category of well-known marks.

The TRIPs Agreement provides the most detailed and comprehensive international prescription of protection of substantive

\textsuperscript{230} Bently, \textit{supra}, note 2, at 666.
\textsuperscript{231} id. Colston, \textit{Supra}, note 208, at 343.
\textsuperscript{232} Bently, id., at 667.
\textsuperscript{233} 8Art, 2(1); Cornich, \textit{Supra}, note, 6 , at 606.
\textsuperscript{234} id.
\textsuperscript{235} Art , 16 (2)
rules relating to registered marks. It defines the protectable subject matter comprehensively to include service mark. It also prohibits discrimination as to registerability according to the nature of goods and services which trade marks is to be applied. TRIPs requires recognition of certain rights, in particular, the use of an identical mark on identical goods or services if such use result in a likelihood of confusion. Moreover, it provides for limited exemptions to the trade marks right and for indefinite registration of marks on basis of renewal terms of each minimum seven years. Also it limits the circumstances in case of revocation for non-use. TRIPs, also, prohibits the compulsory license of a mark. Assignments are to be allowed with or without the transfer of related business.

Trade mark law has been changed according to further changes in geographical aspects of trade. These changes have two forms. Firstly, growth in international trade led to the establishment of international systems of registration, enabling traders to gain protection quickly and cheaply in all relevant market. Secondly, changes in international trade encouraged the establishment of international minimum standards of protection.

236. Bently, supra, note 2, at 668.
237. Art, 15.
238. Art, 16.
239. Art, 17 and 18.
240. Art, 19.
243. Bently, Supra, note 2, at 666.
4. Conclusion

The survey of the history of copyright law in Europe, USA, Sudan and at the international level shows that the development of copyright has been a continuing response to the challenge posed by new technology. Copyright law has a relatively long history. The earlier protection of copyright took the form of protection of printers’ licenses. Then it gradually developed to include protection of copies of books. The technological developments extended the scope of protection to include dramatic, musical and artistic works. The emphasis was on commercial exploitation of books. At the end of the eighteenth and during the nineteenth century there was a gradual increase in the scope of copyright and the term of its protection. Copyright law did not take on its modern meaning as an area of law protecting literary works until at least the mid of the nineteenth century.

The historical development of the law of patents in England, USA, Sudan and international conventions shows that patent law was first concerned with the promotion of industrial growth rather than with the protection of invention. The earlier protection took the form of letter patent in England. The seventeenth century provided primary principles of patent system. The second half of nineteenth century witnessed the internationalization of patent. The law of patent later developed by encouraging invention became a source of knowledge and information.

History of mankind reveals that man has been using symbols to identify ownership or the origin of articles for thousands of years. The early trade marks were very personal symbols of a single workman. The prime function of such marks was to trace defective merchandise back to the workman indicating ownership and not to prevent confusion to the
buyer. Thus, trade mark developed as devices to identify in the market place the crafts people responsible for producing goods for sale.

It is important to note that the modern trade marks practices stem from medieval days, particularly in respect to goodwill associated with the reputation of an enterprise. The earliest term of trade mark is both the most obvious and the type that is still at the heart of the law of trade marks today. Throughout history, trade marks were essentially a part of the private sector, attracting legal protection by use, rather than by formal grant by the state. This was rapidly changing and developing and a mere formal system was needed.

Sudanese, USA and English trade marks laws slowly developed as a branch of fraud and deceit called “passing off” which is concerned with wrongful conduct in commercial enterprises resulting in business loss to another by use of unfair means in drawing away customers. But now trade marks law has developed to the stage of international registration in each country.

Although England had local ordinance and merchants’ associations regulating the use of trade marks, the British parliament did not enact a comprehensive trade mark registration statute until 1875.
Chapter 2

The Economic Aspects of Intellectual Property Law

This chapter will discuss the economic aspects of intellectual property law. The current economic importance of intellectual property is enormous. This is because intellectual property is now involved in almost every aspect of our highly developed economic life. Patents, copyright and trade marks play an important role in economic development serving better national interest and national goals.

1. The Economic Aspects of Copyright Law

Use of the works by the public generates economic returns to the creators. To make works available to the public the author may authorize its reproduction, or performance, or other use in return for payment to author for the work\(^1\). Copyright works generate their public acceptance through the dictates of fashion as molded by advertising and other promotion, criticism, the reputation of the author’s previous work and shortage of new material.

The Economic and commercial importance of copyright is due to the new technological development protected by copyright laws. In addition, the business created by the concept of character merchandising that permits real and fictitious character, such as Mickey Mouse, to earn more money by allowing others to market goods more easily because they are linked to these real or fictitious characters through a picture or name more than the amount they earn through their normal activities\(^2\).

Copyright works have a wide economic and cultural span extending to the raw material of the arts, education, information, entertainment, broadcasting and the media and the design world. Nonetheless, the right of copyright is not absolute; and since the demand for copyright is very large,

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monopolistic behavior is possible. But there are four limits to any monopoly power: the freedom of the independent creators of works, as opposed to those who copy, to exploit their own idea; the fact that protection only extends to the expression of the idea and not the idea itself; the limited duration of the right, although it is a long one; and provision for fair dealing, other permitted acts in relation to works and compulsory licenses.

Rights in intangible property like product of the mind are subject to a long standing debate. In order to justify copyright, distinction should be made between two types of copyright: these are author’s rights and neighboring rights. Author’s rights are the literary, dramatical and artistic works while neighboring rights include sound recordings, performance and broadcasts. As regards author’s rights, moral and economic justifications are applicable, whereas only economic justifications are applied to neighboring rights. The civil law systems relied at first on moral justifications for author’s creativity, contrary to common law systems where economic arguments are made by entrepreneurs that found themselves threatened by copyist.

a) **Arguments for copyright**

In favour of copyright, three basic arguments are used, these are natural rights, reward and incentive arguments. However, there exist other additional philosophical arguments in support of copyright.

According to natural law theory copyright is granted because it is natural, proper and just to do so, and not only because the public benefits from it. Since intellectual creation emanates from author’s mind, it is natural to recognize a property right in intellectual production, which is an expression of author’s personality. The natural law justification for admitting property rights in works of authorship relies on the author’s right to reap the fruits of their creation, to acquire compensation for their

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achievement, and to protect their creation. The famous defender of the natural right theory is John Lock⁵ who argues that ‘persons have a natural right of property in their bodies, owning their bodies, people also own the labor of their bodies and, by extensions, the fruits of their labor.’⁶

According to Drahos⁷ there are three lines of justifications for the existence of common law copyright to be found in the case of Millar v. Taylor⁸, which are the justice, incentive, and the natural right justification. The judges argued that it is just that an author should reap the pecuniary profits of his own ingenuity and labor. It is just that another should not use his name, without his consent. Literary property belongs to the author from the moment the author brings that work into being. The economic concept of copyright law arrived in English law because of natural law principles rather than despite of them.

The natural law justification for copyright law is that copyright law provides natural right for individuals to control their works and be rewarded for their contribution to society.⁹

Another natural law philosophy considers copyright as necessary to protect the personal interest of the author. This justification pertains in certain civil law countries like France. In these countries, the author has the right to reap the fruits of his labor and to be compensated for his contribution to society. Also the author has the right to protect the integrity of his work against distortion.¹⁰

Another natural law argument for copyright as developed in American copyright law is that natural law is organized to justify vesting particular rights in entities other than individual. Natural law justification for copyright is accepted throughout the world. It is supported by successive

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⁵ Eighteenth century English philosopher.
⁸ 4 Burr. 4 (the ed) 2303, 98 Eng. Rep. 201 CK B1769 discussed in the previous chapter.
⁹ Joyce, id, at 15.
¹⁰ id, at 16-17.
revisions of the Berne Convention for the Protection of Literary and Artistic Works including the 1971 Paris revision. The preface to the Guide to the Berne Convention states that “Copyright for its part, constitutes an essential element in the development process. Experience has shown that the enrichment of the national cultural heritage depends directly on the level of protection afforded to literary and artistic works. The higher the level, the greater the encouragement for authors to create; the greater the number of a country’s intellectual creations, the higher its renown; the greater the number of production in literature and the art, the more numerous their auxiliaries in the book, record, the arts, and entertainment industries; and indeed in the final analysis, encouragement of intellectual creation is one of the basic prerequisites of all social, economic and cultural development.”

On his part, professor Breyer introduced four economic and moral justifications for copyright: a natural property right allowing author to control the use of his work; reward for creator’s investment in creation and publication; the stimulation of creativity which is beneficial socially and personally; and dissemination of ideas in the public interest. He argued that protection of copyright to secure creation is important but it cannot be over protected. His conclusion was that ‘the case for copyright in books is weak, but surveys suggest that industries producing copyright material are significant sectors of many economics departments’.

According to the reward theory, copyright protection is granted because it is fair to reward the author for the effort made to the benefit of the society. Copyright is specific in the sense that ‘it allows the general public to determine who should be rewarded and the size of that reward; the more copies of a book that are published, or the more record is played on the radio, the greater the financial reward that accrues to the copyright

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12. Associate Justice of the United States Supreme Court; Breyer, the Uneasy Case for Copyright; 84 Harv.L. Rev. 281. (1970)
Copyright aims to support a system, independent of the political will of the majority. Philosophers agree that authors are entitled to reward, but this reward has to be subject to the general right of mankind, and the general rules of property. The grant of monopoly is just because it encourages learning and science but it must be consistent with natural rights of others to use the ideas and to trade in the privileged subject matter.15

According to Cornish16, the basic argument in support of copyright is that it allows recoupment for the initiative of creating materials and investment risked in producing and marketing it. The source of the author’s economic return is the use of the work by the public. Thus, copyright encourages a publisher to publish and an author to write. The absence of copyright means the absence of obtaining a book at all. The initial publisher is forced by the copier's down cost to stop publication for the reason that he can neither recover his fixed cost nor pay the author17.

The third argument for copyright is the incentive based theory which is concerned with what is good for society or public in general; but it is not based on what is right or fair to an author. The argument is based on the assumption that the production and public dissemination of industrial object such as books, music, art and films is an important and valuable activity. Without copyright protection, dissemination of cultural objects would not take place on optimal level. The reason for this is that the published works are capable of being reproduced although they are expensively produced. Thus, 'copyright provided a legal means by which those who invest time and labor in producing cultural and informational goods can be confident that they will not only be able to recoup that investment, but also to reap a profit proportional to the popularity of their work18.

14 Bently, supra, note 4 at 32.
15 Drahos, supra, note 7, at 27.
17 Breyer, supra, note 12, at 280.
18 Bently, Supra, note 4, at 32; Torremans and Holyoak, supra, note 2, at 15; an incentive-based theory is adopted by a utilitarian so it is called the utilitarian principle.
According to Gorman the argument for copyright is an argument of utility but not mere economic utility found in fostering of a pluralism of opinion, experience, vision, and utterance within the world of author. Our freedom depends not only on freedom for a few, but also on variety, regardless of the ultimate commingling of the truth and error. Copyright fosters that variety. Thus, in Harper and Row publisher, Inc v. Nation Enters, the Supreme Court held that it should not be forgotten that framers intended copyright itself to be the engine of free expression by establishing a marketplace right to the use of one’s expression. Copyright supplies the economic incentive to create and disseminate ideas.

Professor Breyer argues that without the legal protection of copyright, a copyist could produce a competing product at lower cost. Hence, in the absence of copyright protection, the only way to encourage authors of certain work is through government subsidy. An example of this is a work containing scientific theory. In the absence copyright textbooks enjoy more benefits. He argued that copyright is not the only way to resolve the conflict between revenues high enough to secure adequate production and prices low enough not to interfere widespread dissemination. Authors have a variety of incentive to write apart from royalties and that adequate royalties can in any event be obtained with publishers quite willing to publish by virtue of the “head start” accompanied by prestige and by some degree of economic leverage that comes from publisher being first to print and distribute book.

By comparing natural rights theory and the incentive based theory or the utilitarian principle, the natural right adopted in continental European states considers author as an individual who relies on moral rights principle, to be compensated for works done. On the other hand, the utilitarian justification, historically recognized in the United States and Great Britain,

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makes greatest concern to consumer welfare dealing with reward to author as a means to that end.22

There are two points supporting the three justifications for copyright which are natural rights, reward and incentive-based theory. These points are: First, it is argued that natural right concept of copyright leads to stronger and longer protection for the author than an incentive based concept. According to Bently23, this is because a natural right argument for copyright is assumed to result in a form of property that is perpetual and unqualified. Second, in contrast, an incentive based argument only justifies the grant of the minimum level of protection necessary to induce the right holder to create and release the work.’

According to Gorman24 for copyright to promote economic efficiency, its principal legal doctrine, must, at least approximately, maximize the benefit from creating additional works minus both the losses from limiting access and the cost of administering copyright protection’.

Also argument in support of copyright is highlighted by Phillips26 who argues that economic impact of copyright is theoretical, since the qualified monopoly is fairly weak in economic terms. An example of this is the author of a detective story who has the sole right to authorize its publication and sale for half a century following his death, but he is unlikely to be the sole purveyor of the detective story.

Walt25 develops models for the economic analysis of copyright and copyright transaction such as a licensing. He focuses on economic factors such as recycling and second-hand sales. He makes a number of important conclusions including the following: unlicensed copying is not always adverse to society and can be beneficial in limited doses to the producer of

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22 Tormmans and Holyoak, supra, note 2, at 15.
23 Bently, supra, note 4, at 33.
24 Gorman, etal, supra, note 19, at 22.
25 Bently, supra, note 4, at 33.
legitimate products; to protect its position, that producer may use strategies other than enforcement of copyright, including apt pricing of originals, or delivering copyright product in some way that makes copying more expensive; optional models of royalty payment are likely including a significant up front payment; the socially optimal degree of regulation by copyright law is less than the maximum possible. He acknowledges that it is difficult in real life, with so many variables, to determine the appropriate level; and regarding collecting societies, social welfare is not likely to be enhanced by competition between rival societies. It is better to have one society with close regulation.

The marketing of copies, which explains copyright protection, since the decision to create the works is made before the demand of copyist is known, a new work is created only if the difference between the expected revenues and the cost of making copies equals or exceeds the cost of the expression. In the absence of copyright protection, imitation of copies is possible. This results in decrease in the market price of books to the marginal cost of copying, with the impossibility of the author producing the work in the first place, due to inability to recover the cost of creating the work. In the absence of copyright protection the uncertainty of demand becomes an additional tool to create a work. This is because the author’s costs of creating the works are incurred before it is known what the demand for the work will be. If a copier can defer making copies until he assures the success of the work, the potential gains from free riding an expression, will be greater.

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27. Gorman, supra, note 19, at 23.
28. Because the differences between the price and marginal works will rise to compensate for the Uncertainty of demand, thus creating bigger profit potential for copies.
b) **Arguments Against Copyright**

Against copyright protection it is argued that it may lead to bad business practices, especially in free market economy\(^{29}\). Examples of bad business practices include market power. Copyright protection tends to make producers of copyrighted materials, such as publishers, abuse the market power. For example in a book publishing, it is usual to publish hardback editions, which are expensive, before making cheap paperback editions. It is also possible to make cheap quality editions for certain markets. Again in film industry there is the practice of allowing films at expensive cinemas before showing them at suburban cinemas or television.

In the Anglo-American copyright law, the publishers seek legal protection for the interest of the book trade although they are neither the author nor consumer of works. The American history witnessed that the development in copyright protection which has been given to variety of works for longer period of time, against unauthorized use, is due to litigation activities of publishers, movie studios, record companies, and other entities which are not authors abusing the market power\(^{30}\).

Another criticism is based on collective enforcement of rights. According to Cornish\(^{31}\) collective enforcement of rights is a method made by composers of music and their publishers against users. They have joint association to enforce their performing rights. Many countries with music industry have societies for performing artists and for record songs. Each society is responsible for licensing performing rights to different users and to enforce them on behalf of the groups as association. Such society has an unequal bargaining power in relation to an individual recording owner, or recording user and may abuse this power, for example, by refusing to

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\(^{29}\) Cornish, supra, note 16, at 319-321.

\(^{30}\) Gorman supra, note 19 at 20.

\(^{31}\) Cornish, id, at 321.
license or by fixing high fees or discriminating between users or to demand that performance be in a particular type.

In some countries tribunals have been set up to deal with the disputes arising out of collective enforcement of right and to disallow these practices. The collective enforcement of rights is also being proposed as mechanism remedying the present shortcoming of copyright against reprographic copies and the sound and video recorders.

Some critics argued that common law doctrine did not recognize property right in intellectual property, because property right arose from possession, and intellectual property once disseminated publicly are not subject to exclusive possession. The court reflected this view in the famous case of International News Service v. Associated press. It was held that the noblest of human productions, knowledge, truths ascertained, conceptions and ideas- become, after voluntary communication to others, free as the air to common use.

Another criticism concerns collective bargaining. Other commercial bodies have been set up in the copyright industry to engage in collective bargaining, for example the royalties to be paid to an author in the case of publishing association. Such contractual terms may be unfair to the author. Only few authors and composers have negotiated better contracts individually in some fields, using agents.

Although, in general, courts respect contracts freely entered into, they have applied the doctrine of restraint of trade to avoid contracts which are one sided. Thus, in Schrouder Music Publishing Co. v. McCauley a songwriter entered into a five-year agreement with music publishers in their standard form whereby the publisher engaged his exclusive services during the term of the agreement. There were many clauses imposing obligations

34. Cornish, supra, note 16 at 321.
35. (1974) i.w.l.r. 1308.
on the songwriter. The songwriter assigned to the publisher the full copyright for the whole world in all his musical compositions during the term. The remuneration was to be by royalties on works published. The publishers could terminate the agreement at any time by one month’s written notice and no such right was given to the songwriter. The publishers had the right to assign the agreement. The songwriter agreed not to assign his right under the agreement without the publisher's prior written consent. The songwriter brought an action claiming a declaration that the agreement was contrary to public policy and void. It was held by the court, dismissing the appeal, that the agreement was on its face unduly restrictive having regard to the absence of any provision entitling the songwriter to terminate the agreement; that assuming that such a one sided agreement could be justified, it had been for the publishers to justify it especially since it had not been arrived at as the result of negotiation between parties in equal bargaining position; that on the evidence, they had not done so and accordingly, the agreement was unreasonable restraint of trade and had rightly been held to be contrary to public policy and void.

Similarly, in the former USSR, copyright associations were established. The interest in Soviet literary, scientific and artistic works forced foreign publishing and other firms to enter into legal relation with Soviet organization to enable them to publish and perform Soviet works. By Soviet Law a citizen was not allowed to deal directly with a foreign firm. The agencies, which were determined by the government, had performed these operations. The Copyright Agency of the U.S.S.R was the main organization responsible for the protection of works of Soviet authors abroad.

The use of the works of Soviet authors in foreign countries disseminated the best achievements of Soviet literature, science and culture.

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37. Id., at 196.
abroad. It became an intermediary in the conclusion of agreement and signed contract with foreign juristic and natural person for the use of the works of the Soviet authors abroad. The Agency also undertakes the registration. Compulsory registration with the Agency was required for any contract concluded between any Soviet organization and foreign users of rights in works of Soviet authors.\textsuperscript{38}

According to Joyce\textsuperscript{39} consumer welfare is harmed by copyright monopoly which is disfavored by free market economy. But the defenders of copyright replied that copyright is not a monopoly at all, because it does not prevent others to use the identical product. They argue that copyright law represents an economic trade-off, between encouraging the optimal creation of works of authorship through monopoly incentive and providing for their optimal access, distribution and use through limiting doctrines.\textsuperscript{40}

The critics of natural law argue firstly, natural law theory gives the author control over his works but demonstrates little about how much control the author should have, how long that control should last, and who is beneficiary of the copyrighted works. Thus, the positive law and natural rights ideal contradict each other. The United States practices positive law approaches, which grants rights by statute as it sees fit in accordance with the constitutional aim of promoting the progress of science. Secondly, the fair reward of the author's contribution to society and the inquiry about whether copyright maintains the goal of their reward is a vague concept. It is not easy to determine just compensation or reward. The reward may be in a lesser measure than the value of contribution.\textsuperscript{41}

Against the natural law the critics also argue that copyright is not necessary to protect an author’s personality to his works because other legal theories such as defamation, privacy, and contract law may protect an

\textsuperscript{38} id., at 2000.
\textsuperscript{39} Joyce, supra, note 6, at 20
\textsuperscript{40} id.
\textsuperscript{41} id., at 15-16.
author’s non-economic interest in his works as the old approaches of American law\textsuperscript{42}. Many philosophers think that natural law theory provides no more than a starting point and a limited justification for copyright. Instead of natural law theory they favor utilitarian justification.

Philosophers raise six points to convince others that there is no need for copyright protection\textsuperscript{43}. They argue that there are six obstacles limiting copying of the original work. The first point is that, that copy may be of inferior quality and not a perfect substitute for the original. This is obvious in the case of works of arts such as painting by famous artist which is unlike copying of a book. A copy may be of inferior quality and have no negative effects on the price of artistic work. They argue that to generalize, when either the cost of making equivalent copies is higher for the copier than for the creator or the copier’s product is a poor substitute for the original, the originator will be able to change a price greater than his marginal cost, even without legal protection. Obviously, the greater the differences in the costs of making copies and in the quality of copies between creator and copier assuming the latter’s costs are higher or quality lower, the less need is there for copyright protection\textsuperscript{44}.

The second point is that copying may involve some original expression and so a positive cost of expression. This happens when the copy is not a literal copy but involves paraphrasing, marginal notes and so on. The copier may incur fixed cost of rekeying the word from the copy he bought or photographing them. But this cost can be lower than the creator’s because it will not include the author's time or the cost of soliciting and editing the original manuscript. Further, they argue ‘nevertheless, when the

\textsuperscript{42} But recently, American law depends on new state law protection for works of fine art, plus Federal Legislation of 1990, which recognizes the moral right of visual artists as aspect of copyright law itself preventing false attribution of authorship.

\textsuperscript{43} Gorman, \textit{Supra}, note 19, at 23-26.

\textsuperscript{44} id, at 24.
copier cannot take a free ride on the creator’s investment in expression and his other fixed costs, the need for copyright protection is reduced’.

The third point is that, copying takes time, so there will be an interval during which the original publisher will not face competition. For the analysis of copyright this point involves two implications. The first implication is that, because modern technology has reduced the time it takes to make more perfect copies, at low cost, the need for copyright protection has increased over time. The second implication is that, for works, where demand is initially strong but falls sharply after a brief period, copyright protection may not be necessary to give the creator of the work a fully compensatory return.

The fourth point is that there are contractual alternatives to copyright protection for limiting copying, like licensing agreement or contractual prohibition on the original work on conditions that making copies or disclosure to others are prohibited. But the enforcement of contractual prohibition on copying may be costly and possible only if there are few licensees. Contractual prohibitions may also be restricted if wide spread distribution is necessary to generate adequate return to the author or where the work is resold or publicly performed45.

The fifth point is that, since a copier normally should have access to a copy to make copies there from, the creator may be able to capture some of the value of the copies made by charging a high price for the copies he makes and sells. For example a publisher of academic journals can seize part of the value that an individual obtains from copying articles by charging to libraries a higher price for the journal. This can limit the need for copyright protection but it can never eliminate it46.

45. id.
46. If one can make many copies of the first copy and many copies of subsequent copies, the price of copies will be driven down to marginal cost and the creator cannot charge a sufficiently higher price of his copy to capture its value in allowing other to make more copies.
The sixth point is that many authors derive substantial benefits from publication that are over and beyond any royalties. This is applicable to non-pecuniary income and pecuniary one as a higher salary for a professor who publishes than for one who does not. The norms against copying without giving the authors credit ensure that the author will gain recognition, if not royalties, from the works he publishes\textsuperscript{47}.

Basing themselves upon the above-mentioned criticisms, the opponents of copyright argue that, by abolishing copyright in books many things will be gained, i.e. lower prices of relatively high volume; eliminating the transaction cost of obtaining permission to reduce and limiting the market power of the publisher\textsuperscript{48}.

The opponents of copyright argue that there would be increased incentive to create jadish, ephemeral and otherwise transitory works because the gains from being first in the market for such works would likely be to exceed the losses from absence of copyright protection. There would be a shift towards the production of works that are difficult to copy; authors would be more likely to circulate their works privately rather than widely, to lessen the risk of copying; and contractual restrictions on copying would multiply\textsuperscript{49}.

Some critics argue that copyright protection may be unnecessary and counter productive by raising the cost of expression. They think that a new work can be based on previous works without infringing copyright\textsuperscript{50}.

The traditional way of the return on investment as incentive for continued protection is the best way for creator to earn sufficient profit for their investment and encourage continued creativity without copyright\textsuperscript{51}.

Copyright is also criticized on the ground that the technology of the Internet makes copyright unjustifiable and limits our ability to make the

\textsuperscript{47} Gorman, \textit{Supra,} note 19, at 25.

\textsuperscript{48} id, at 26.

\textsuperscript{49} Gorman, id, at 25.

\textsuperscript{50} id.

\textsuperscript{51} Joyce, \textit{supra,} note 6, at 18.
most use of the new environment. They think that while some aspects of copyright are justifiable others are not.

C) **Economic Justifications for Copyright Protection of Computer Software:**

The information comprising innovations in computer software is regarded by CONTU\(^\text{52}\) as public good. The copying of computer program by one person does not lessen the supply of copies available for use by others. Thus, the user is a free rider when he uses the copy without purchasing the original computer program.

The marginal cost of computer program is theoretically zero, because competitors will flood the market with copies forcing the price towards zero. With regard to the computer programs, if the price goes below the author’s cost of production the works will be under supplied. This is due to the fact that the cost of duplication of computer programs is less than the cost of developing them; then that copying of a computer programs is easy and inexpensive\(^\text{53}\).

The cost and market failure of innovative computer program lead to remedy in providing direct subsidy to research and development\(^\text{54}\). Nevertheless, the most effective new remedy is to establish and enforce intellectual property rights\(^\text{55}\). Copyright may confer legal protection by grant of a limited monopoly to the owner of computer program and providing a limited time of legal protection. Hence, it secures fair return to the author. Producer can also adopt technological means such as copy protection.

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\(^{52}\) CONTU is the national commission on new Technological Uses of Copyrighted Works. US Congress had established CONTU to ensure the adequacy of the copyright laws in the right of modern technological advancement such as photocopy machines and computers. For more details see National Commission on New Technology Uses of Copyright, final report, 3 (1979).

\(^{53}\) id, at 11.


schemes i-e anti-copying devices impeding reproduction and disclosure of intellectual works.

As far as computer software is concerned, there are three main types of copy protection schemes. Firstly, the program is stored in a way that frustrates copying of all necessary parts. Secondly, the program prompts the user for a code or other piece of information that can only be found in the original packaging. Thirdly, the program comes with a hardware device attached to the computer and sends the program signals or information which it seeks prior to functioning^{56}.

These above-mentioned anti-copying schemes can be rendered ineffective by developing other copying programs or cracks^{57}. The adoption of non-compatible product standard is the best remedy to networks externalities arising from computer operating systems and its application software^{58}. The adoption of compatible product standards would enlarge, the size of networks that comprise both the adopter’s product and its rival’s products, thereby reducing adopter’s markets share.

Nowadays, the world has changed from post-industrial national era to international era. With the development of technologies, the computer software has become a flourishing industry and plays important role in economic developments. Sales of computer programs reached high levels, with yearly sales in billion of dollars^{59}.

**ii) The Role of Patents in Economic Development**

Patents play an important role in economic development, although sometimes this role is controversial^{60}. On the one hand patents help in economic and social development of the country whether in agricultural and industrial sectors, or in providing a better quality of life through improving the infrastructure in areas of health, communication and human resources.

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^{56} id.  
^{57} Hana, Reverse Engineering Computer Programs Under Canadian Copyright law, 631,(1995).  
^{58} Menell, supra, note 55, at 1066.  
^{59} Joyce, etal, supra ,note 6 at 220.  
a) **Patent protection**

Patent protection is a statutory expression for the moral and economic rights of creators in their creations. Similarly, as a deliberate act of government policy, the grant of a patent promotes creativity and the dissemination and application of its result and encourages fair-trading; therefore it contributes to economic and social development\(^{61}\).

Patent system provides the necessary framework for the transfer of technology by contributing to an increased confidence and transparency in transactions\(^{62}\). It is also a means to encourage and safeguard intellectual creativity and promote investment by giving a guarantee against unauthorized use of the patented inventions to those who accept the risk of advancing from the prototypes stage to mass production. It provides consumers with the fruits of inventive and innovative activity by large scale production and distribution of higher performance and higher quality of goods and disseminates quickly and widely new ideas and technology by creating a public data base of new inventions and technologies.

Patent protection represents strong shield for the development of innovative domestic industry. It must be seen as a long-term infrastructure investment to develop the national technology market\(^{63}\).

The patent system gives the inventor a limited term of protection in return for the inventor's agreement to disclose details of his inventions. Patent owners benefit from this economic privilege and the resulting product will be priced subject to market forces. Although the restrictions on competition will maintain price, this does not indicate that patent is against the public interest. The demand of a high price by the owner of patent indicates two factors. The first is the cost of research and development required to bring invention to fulfill a project and the natural commercial

\(^{61}\) id.

\(^{62}\) WIPO, *the Role of Intellectual Property for Promoting Intellectual Innovation and Technological Development*, IP/AC/02/4.

\(^{63}\) id.
desire to obtain a large profit. The second factor is the marketing effort required to establish a demand for the product or process.\footnote{Bainbridge, Intellectual Property, 321 (4th ed 1999).}

However, there are four reasons which make the owner of a patent unable to have a carte blanche in fixing his prices. Firstly, consumers have managed so far without the invention and may continue to do so by refusing to pay high prices. Secondly, the equation between volume of sales and profit margin must be considered. Sometimes a cheaper price may increase the money for the owners of the patent by increasing sales disproportionately. Thirdly, the consuming public may not need the invention and it may be difficult to attract sales at any price. Unfortunately a great many inventions fail to be commercially viable. Fourthly, there are various safeguards and controls to prevent abuse of patents both in terms of domestic UK law and European Community Law and the international agreements whether that being the Paris Agreement or the TRIPs\footnote{id.}.

The concept of free market competition might seem incompatible with the concept of monopoly as provided by patent right. This can be solved by the fact that some form of property right is required to enhance economic development as competition can only play its role as market regulator if the product of the human labour is protected by property. Patent rights can help to achieve free competition and flourishing of market economy. Thus, the co-existence between patents’ rights and the rules of free competition is one of the most important parts of the study of intellectual property\footnote{Torremans and Holyoak, supra, note 2, at 16.}.

In competitive restrictions, three levels can be distinguished, these are production, consumption and innovation. There are two attempts to strike the balance between restriction on intellectual property and freedom of competition. Although intangible property like the intellectual property has instinct, that it is perpetual, the socio-economic value of these rights is not
so important to improve extent of competition. A perpetual restriction on competition is necessary, for example, restriction of intellectual property in time or duration limits.\(^67\)

Another attempt of getting the balance right, is the duty to exercise and use which is connected to patent and trade marks and which is meant to encourage the owner to continue his innovative work, and to increase his income. Compulsory licence is therefore imposed in most intellectual property legislations. The acceptable reason for restriction on competition at the level of production is to enable the owner to realize a profit and to improve the extent of competition on the innovative level. The defect of this theory is evident in the case of non-use of the right. The obligation to exercise and use is the most effective remedy for this defect. The rationale behind this obligation is that, the previous unavailable subject matter of the right is made available to the society by the grant of any exclusive right.

In earlier times, it was a common use to grant a temporary monopoly based on the same principles of modern patents systems. This seems like the monopoly of a new invention granted to company’s inventor.\(^68\) The rationale of this temporary monopoly would seem to apply a fortiori in the contemporary competition alternatives and wherein capital is channeled in the direction of identifiable and transferable property.

(b) Patents Justifications

Several arguments have been discussed to support the grant of exclusive rights. These arguments are the common public and private justifications for intellectual property rights.\(^69\)

The public justification of intellectual property right is that the aim of intellectual property is to stimulate and increase creation of new ideas. Thus,

\(^{67}\) Id., at 18.

\(^{68}\) When a company of merchants undertakes at their own risk and expense to establish a new trade, it was fair and just to incorporate them into a joint stock company and to grant them, in case of their success, a monopoly of trade for certain numbers of years and recompense them for hazardous dangerous and expensive experiment, of which society afterwards gained the benefits; cited in Rosenberg, Patent Law Fundamentals, 1-57 (2nd ed. 1999).

\(^{69}\) Colston, supra, not 3, at 21.
new ideas will be stimulated if certain conditions are fulfilled: the creator is rewarded for the effort made and expenditure incurred in pursuit of creation; the protection of unfair competition of the investment needed to develop the idea for commercially viable proposition and the exploitation of new ideas does not lay open to immediate imitation.

The full justification for the existence of intellectual property is provided by a combination of economic and labour theory. Labour theory explicitly justifies the ownership of intellectual property to author or inventor, but it is submitted that this is already implicit in economic theory.

Another way to justify intellectual property is historical correlation between industrialization and patent protection. This correlation is based on the fact that a country cannot be able to benefit from the industrialization process in Europe or elsewhere, if it does not introduce a system of patent protection. The patent system has been used by historian as an indicator of public attitude towards different technologies.\(^70\)

In the case of Chiron Corporation v. Organon Teknika Ltd\(^71\), the judge Aldous put the justifications for the patent system as the very practical consideration, saying that nearly every country had chosen to adopt a patent system because, it is generally accepted that the opportunity for acquiring monopoly rights in an invention stimulates technical progress in at least four ways. First, it encourages research and inventions; second, it induces an inventor to disclose his discoveries instead of keeping them a secret; third, it offers reward for the expense of developing inventions to the stage at which they are commercially practical and, fourthly, it provides an inducement to invest capital in new line of production which might not appear profitable if many competing producers embarked on them simultaneously. It is inherent in any patent system that a patentee will acquire a monopoly giving him a right to restrict competition and also enabling him to put up or at least

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\(^{70}\) Torremans, *Supra*, note 2, at 20; Bently, *Supra*, Note 4, at 3/3.

\(^{71}\) (No. 10) 29 (1995) FSR 32.5; Bainbridge, *Supra*, note 64, at 324
maintain price that affect the public and which could be contrary to the public interest; but it is the recognized price which is considered to be necessary to secure the advantages to which they have referred.

There are four justifications for the grant of patent: the natural law thesis, the reward-by-monopoly thesis, the monopoly-profit thesis, and the exchange for secrets thesis.

The inventor has the natural right to the products of his mental labour. The inventor has all title of the invention but has no obligation to disclose anything and has the right to be compensated in case of such disclosure. The exclusive right has to be given to the inventor to profit from his invention for the benefit of the later inventors to build upon the earliest creation.

The advantage of this theory is that it provides an explanatory purpose of patent system in furnishing the incentive to develop greater inventions. The defenders of this theory argue that the system of patents not only depends on natural rights but also adopts the international characteristic of those rights. The clearest example is the universality which is not restricted by time or national boarder of the country but derived from the mere natural rights giving the inventor exclusive protection notwithstanding his nationality. Hence, the grant of patent does not constitute those natural rights but it determines and assures them.

TRIPs Agreement adopts the natural rights theory. It states in its preamble that ‘members desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barrier to legitimate trade. Moreover, the TRIPs sets

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72. Miller, Intellectual Property, 14.15 (3rd ed 2000); this is similar to moral rights in copyright law and accords with the rationale of French Law, though until recently of little importance in the UK.

73. Mohammadin, the Legal Protection of Industrial Property in Accordance with IRIPs Agreement, 64-65 (2000) (Arabic Version).
minimum Standards of Protection and enforcement guidelines, and provides for a dispute settlement mechanism\textsuperscript{74}.

The important feature of instrumentalist justification for copyrights and patents is that it develops in a good way in the context of a natural law tradition; a tradition that, at first sight, might be thought not to be sympathetic to such a treatment of the mental product of one’s labour. This shows that, as far as justifying intellectual property is concerned, the choices are not between first order ethical theories or natural law versus utilitarianism, but rather the concept of community and the metaphysical scheme upon which the community is relied. The modern argument on the question of justification is at the level of first order ethical theory\textsuperscript{75}. Some philosophers think that patent and copyright were privileges rather than natural rights.

Natural law theory is criticized for its inconsistence with the idea of a limited monopoly. After the expiry of a patent, it is not obvious how the authority can declare the invention to be vested in the public domain if the inventor has the complete rights to the invention. They also argue that natural law increases the monopoly power of large corporations having the bulk of modern patents upon failure of the government to bargain enough on behalf of the citizens. On their replies, the supporters of the theory rely on the American constitution which refers to inventors’ right, and they therefore argue that it is unjust to shorten the period of the exclusive rights\textsuperscript{76}.

The further criticism of the natural rights theory is that it does not justify the legal basis upon which it relies to protect the inventions i.e. the rights on the invention are natural and does not warrant the grant of patent not only for the inventor who is first to file, but also for the inventor who is

\textsuperscript{74} Miller, supra, note 72, at 15.
\textsuperscript{75} Drahos, supra, note 7, at 29.
\textsuperscript{76} Miller, id, at 15; Mohammadin, Supra, note 73, at 64-65.
first to invent. In these two cases, the grant of patent may prevent entitlement to the true inventors to their natural rights\textsuperscript{77}.

The second justification is the reward by monopoly: inventors must be rewarded for his contribution to the society\textsuperscript{78}. Here, the benefit of the community is greater than that of the inventor, although only the first to file is rewarded. Michal Pendleton\textsuperscript{79} has argued that ‘they are owned by the public and should not be available for individual appropriation’. The public interest is important in fair access and use of an idea. Hence, any private justification must take it into account and consideration.

The reward structure of patent protection and its very function as a means of stimulating and selecting commercially successful inventions depends on the establishment of competitive market. Patents are not granted for the economic or social value of the invention but for general technical considerations such as novelty and non-obviousness. The economic or social value of the invention is ascertained by what the market yields for the exploitation of the invention. Patents do not directly reward the investment but the success of the inventions on the market will generate the reward. In this sense, the function of a patent is merely to offer a basket for the collection of such rewards\textsuperscript{80}.

The demand is necessary in case of opportunities to invent and innovate that the market offers and which are protected by patent. If this demand is met by inventions, it will generate reward. However, market may be imperfect in at least two aspects: Firstly, there may be insufficient competition on the demand side. Secondly, markets do not always support a demand for socially desirable inventions. Consumers pay only for process that achieves benefits for them rather than for the society. This aspect of inventions is obvious in the areas of environmental protection, safety and

\textsuperscript{78} Colston., *Supra*, note 3, at 21.
\textsuperscript{79} Pendleton, M. "Intellectual Property, Information Based Society and a New International Economic Order – the Policy Options (1985) EIRR 31; Colston, id.
\textsuperscript{80} WIPO, *Supra*, note 60 , at 10.
public health. The appropriate remedy is to regulate the market by establishing environmental and safety standard to which any process and product must comply. Accordingly, new process and products which comply with these standards will find a demand. Exhaust emission standards for automobiles are one of the best well-known examples.

The strongest supporter of the patent system is John Stuart Mill who is considered by Smit\(^81\) to have ‘adopted the theories of free market economy by suggesting that the reward depended on the invention proving to have economic value and that in any event, only the users of the commodity created were paying for the increased price caused by the patent monopoly.’

The most important patent is granted to encourage organization. A patent is not necessarily a licence to print money, and a great deal of market research and economic judgment is essential before investing in new project\(^82\).

According to Drahos\(^83\) inventors and authors laboured and were entitled to reward, but the reward given consistently with God’s design, was no more than a temporary privilege. Anything more than privilege would constitute a threat to negative liberties of others especially in commerce and trade. The right of free trade was a fundamental common law right\(^84\).

Although commentators have relied on the theory of natural rights as justification for the grant of patents, common arguments concentrate on public benefits gained from the grant of patent. Those common arguments are changed over the time, but what they share in common is the basic idea that the public should only have to endure the harm caused by the grant of a patent, if the public receives some corresponding benefits\(^85\).


\(^{82}\) id.

\(^{83}\) Drahos, supra, note 7, at 32.

\(^{84}\) It means in theory that people had a right of entry into the labour force.

\(^{85}\) Bently, Supra, note 4, at 313.
The economic philosophy behind the American constitutional clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in science and the useful art. The inventor’s effort and his contribution to society should be encouraged through rewards commensurate with the services rendered. This was recognized earlier by the American Supreme Court in the case of Seymour v. McCormick. The court held that in the absence of a monopoly, an imitator would enjoy substantial competitive advantage over the inventor in that the imitator, not having expended capital to create and develop innovation, could afford to sell it at lower price than the inventor. Also, the large sum of capital expended on the invention and its commercialization should be assured that it would be returned with a fair profit.

The third justification is the monopoly profit incentive for the production of new inventions. This is called by the U.S philosophers the bargain or contract theory. It is also supported by the text of the American constitution, common sense and the theory underlying the free-enterprise system. This theory is based on the assumption that the grant of patent will stimulate innovation by securing investment in both seeking and exploiting new ideas.

Australian research starts with the criticism that ‘it is the existence of a problem to be solved which stimulates invention. If so, a better incentive might be provision of education in the prior art and its problems, rather than

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86. 57 U.S (16 How) 480, 484 (1853); cited in Rosenberg, Supra, note 68, at i-56.
87. id, at -57.
88. The U.S Constitution enumerates the elements of the potential bargain: encouraging the useful art by awarding an exclusive right to exploit the invention for a definite length of time.
89. Miller, Supra, note 72, at 16
90. Colston, Supra, Note 3, at 23.
a patent, which is expensive and difficult to obtain\textsuperscript{91}. Academic inventor will be motivated as much by considerations of publication and recognition as profit.

The main purpose of the patent system is the encouragement of improvement and innovation. In return for the disclosure of the invention, the inventor gets the benefit of a period of monopoly preventing others from performing his invention\textsuperscript{92}. This means that there will be no free ride on his invention by others who can copy and use his invention. Thus, patent is unique because of the exclusive right of its grant to inventions either fundamental or improvement. So, the inventor can expect to commercialize it on favourable terms\textsuperscript{93}.

Stimulus may be indirect; for example, many inventions are made by employees in the course of employment. In this case, the problem is the promise of the profit of a reward by the employer. This does not disregard the patent as stimulus to invention\textsuperscript{94}.

Notwithstanding the utility of the theory of the monopoly profit incentive, it is criticized for its being incompleteness. It denies any absolute right of the inventor to his creativity\textsuperscript{95}. Further, EL Gailobi\textsuperscript{96} argues that the contractual relation requires conflict of interests and objectives which can never exist in a patent system. The patent system is a unilateral act represented by an administrative act.

The patent system contributes to economic growth and development, by imposing conditions for the economic and commercial use of the inventions in several ways; it gives an incentive to the creation of new technology which will result in new products, inventions and commercial

\textsuperscript{91} Discussed by MacDonald, S, Australia – the Patent System and the Inventors, 1983 EIRR, 154; cited in Colston, Id.
\textsuperscript{92} Bently, Supra, note 4, at 314 – 315.
\textsuperscript{93} WIPO, Supra, note 60, at 7.
\textsuperscript{94} Colston, Supra, note 3, at 23.
\textsuperscript{95} The inventor must accept the government bargain or have no protection at all; Miller, Supra, note 72, at 17.
\textsuperscript{96} El Gailobi, The Industrial Property, 32-33 (4\textsuperscript{nd} ed. 2003), (Arabic version).
opportunities, or it contributes to the creation of an environment which facilitates the successful industrial application of inventions and new technology, and the legal framework which encourages investment, including from foreign countries; it also acts as a catalyst for the commercialization of inventions and their transfer of productive use; and it is an instrument of commercial and industrial planning and strategy.\footnote{WIPO, Supra, note 60, at 6.}

The fourth justification is the exchange for secrets thesis. The informational role has been the patent strongest justification. Thus, application for a patent discloses technical and commercial information which is protected as confidential information. Without such protection this information will remain secret. Publication of a patent application also reveals the information, and also reinforces the incentive to innovate by encouraging the license.\footnote{Colston, Supra, note 3, at 26}

One of the important aspects of the industrial property system is that the grant of patent is conditional with the full disclosure of invention. This could be informational function of the industrial property system. Patent applications contain information which amounts to a stock of technological knowledge and constitutes a valuable national asset in its own right.

The patent system provides the most complete collection of technological information and data relating to different fields of technology.\footnote{WIPO, id, at 8.}

The role of patent is criticized as the best way to provide information. There is no access to know-how, which is important to the actual use of the invention. Also; there is no consistency across the different national systems. This may lead to difficulties of classification of language, of duplication and of searching.

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\begin{footnotes}
\itemWIPO, Supra, note 60, at 6.
\itemColston, Supra, note 3, at 26
\itemWIPO, id, at 8.
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Teisenschitz\textsuperscript{100} agrees that the patent in its current form does not provide information in the best manner and argues that one granted more quickly would bring information into the public domain more rapidly. Her proposal is the protection of research and development programs to encourage early availability of information.

Other justifications or function of the patent system is that it encourages the development of new technology, and to encourage commercialization of inventions and innovations\textsuperscript{101}.

Inventions are discovered in the process of the development of new technology or when solving technical difficulties. Protection by patent system guarantees inventors an exclusive right of working the invention on a commercial basis for a limited period of time after which the knowledge becomes part of the public domain. Therefore, enterprises make further efforts to develop advanced technology as follow up activities to keep their products competitive and profitable\textsuperscript{102}.

The role of patent to encourage commercialization of inventions and innovations is that proper industrial property system by the grant of a patent will support increasing rate of introducing technology. New technology can be transferred more easily to countries having established well-functioning industrial property systems. The industrial property system guarantees security for inventors. A financial institution or an inventor, interested in investing research and development, need to be sure that they would be working ‘competition free’ for certain period during which they will not be suffering from similar competitor’s development and develop safely their products\textsuperscript{103}.

\textsuperscript{101} WIPO, Supra, note 60, at 7.
\textsuperscript{102} id, Supra, note 60, at 7.
\textsuperscript{103} id, at 8.
(c) **Official Publication**

Patent documentation can serve the following purposes. Firstly, it provides technological information for research activities. This is especially important because literature neglects patent information. Recent published patent documents provide indication of direction on a particular technological problem and information on the state of the art. Thus, it enables the researchers either to develop already known subject or to proceed in new direction and thereby create new and progressive technologies\(^{104}\). The knowledge of the state of the art in fields of technology can avoid the duplication in research work and provides ideas for further improvements. It can also reveal marketing strategies of competitors. Furthermore, the utilization of patent documentation avoids the repetition of work accomplished by other persons. Thus, it saves time, money and effort\(^{105}\).

Secondly, Patent documentation identifies alternative technology which could replace known technology in order to provide economic or environmental benefits. Moreover, the description of the invention in patent literature provides a shorter or faster process and therefore offers a higher return on invested capital.

Thirdly, patent documentation provides evaluation of specific technology which is being considered for acquisition or being offered for license.

Fourthly, patent documentation identifies active enterprises in a specific field of technology from which information can be gained. This is especially important if local, instead of imported, raw material could be utilized, or, if by-products of an already existing process were to be processed to useful product instead of being wasted. In such circumstances,

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\(^{104}\) WIPO, *Supra*, note 60, at 6.

\(^{105}\) *id.*
patent documentation could give valuable information enabling interested party to determine the favourable option before negotiating with firms.

Fifthly, patent documentation can be used as a tool for industrial planning and decision making through the analysis of the statistical aggregation of patenting activity\(^{106}\). The degree of patenting activities provides an index of countries or companies which are active in various fields. Analysis of intellectual property rights and their presence in different countries provide a means of testing the soundness of many policy and investment decisions.

Finally, patent documentation identifies solutions to technical problems by discussing disadvantages and difficulties that can be avoided by using particular process or design.

(d) **Effectiveness of Patent System**

To enable patent system to serve better the national interests and the national goals for economic and social development, certain conditions must exist: First, there must be modern and updated legislation compatible with the technological development and therefore reflect the development of the country concerned. Secondly, there must be an adequate administration entrusted with patent matters acquiring capabilities and mandates to undertake the task and result in patent legislation. Thirdly, there must be appropriate cooperation between the patent office and other relevant governmental bodies concerned with transfer of technology. Fourthly, there must be continuous contact between the patent office, and the regional and international office in the fields of intellectual property\(^{107}\).

Critics provide arguments to reform the patent system. It is argued that new ideas should be determined by its exploitation. Hence, an inventor needs to be encouraged to exploit his invention. The grant of patent is well justified if it is exploited. Since many patents are never exploited at all, it is

\(^{106}\) WIPO, Supra, note 60, at 5.

\(^{107}\) id.
suggested that the grant of protection of the inventions should depend on its exploitation. But such suggestion was confronted by three complexities: First, in quantifying sufficient marketing to qualify for protection. Second, the difficulty of small inventors in reaching the market at all, if funding must be sought without the guarantee of protection for the idea. This leaves the inventor prey to imitation, and the investor prey to losing the investment through imitation. The third complexity is that, it would frustrate the important informational role of the patent.\footnote{Colston, \textit{Supra}, note 3, at 22.}

There are counter arguments on the effectiveness of patents to stimulate innovation. Kingston\footnote{Kingston, \textit{Innovation: Patents and Warrants}, in Phillips, \textit{ed.}, \textit{Patents in the Perspective}, 1985, London: Esc; and \textit{An Investment Patent}, 207 (1981), EIPR 131; \textit{id}, at 24.} and Kronz\footnote{Kronz, \textit{Patent Protection for Innovation a Model}, 206 (1983) EIPR 178; \textit{id}.} have proposed the market – stimulation Model. Kingston agrees that "the existing patent system does not deliver the economic benefits its theory promises, only protecting innovation indirectly". He suggests further adjustments to the patent System to provide effective protection for information and aid innovation.

Kronz postulates that ‘a patent secures protection for inventions, but does not stimulate innovation, which is governed by independent factors. He states the chief benefit of the patent as being the information which it makes public, but suggests instead an ‘innovation patent'. This would actively assist in the transfer of technology. He regards the patent as out dated, now that the flow of ideas outstrips the possibility of implementation, which is what leads to patent being granted for unexploited inventions.

The advantages of these suggestions are the disclosure of know-how. Otherwise, the principles of unfair competition might be an alternative to patent. Trips Agreement sets out the requirement of effective patent protection.\footnote{Art. 27.}

There are factors for incentive effect: the level of consumer demand, marketing techniques and the availability of alternatives. Legal means alone
cannot be sufficient to achieve an incentive to innovation. The most effective means is the ability to stimulate a manufacturer to take a risk in exploiting the invention by assuring at least a head start in the market\textsuperscript{112}.

Another counter-argument to the stimulus to innovation justification is the period, which seems to be long, between the granting of the patent and exploitation of the invention. This may lead to difficulties of investing in development and the time that it takes; plus the cost and organizational difficulties of distribution and often the resistance to the new idea.

The patent must secure the jump from invention to exploitation. It must guarantee the inventor a saleable commodity to avoid the risky investment and competition. This criticism is supported by the fact that it takes ten or twelve years from discovering a useful product in pharmaceuticals fields, and the time to get the necessary licence to produce it.

To be a stimulus, the patent must not be open to easy challenge or avoidance by competitors and the right given must be of clear scope. According to Colston\textsuperscript{113}, ‘often the publication of a patent application and/or marketing of the invention may attract competitors’ attention. They may be able to "invent round" the patent or make an equivalent without encroaching on the patent’s claims to the point of infringement’. Thus, to act as stimulus, the examination by a patent office for the validity, novelty and inventive step should be exhaustive. Then a competitor cannot easily challenge the patent for validity.

The requirement of inventive step is open to criticism because it is difficult to determine the degree of inventiveness without being subjective in evaluation. It makes a patent easily open to challenge, creating uncertainty about the value of the right.

\textsuperscript{112} Colston, \textit{Supra}, note 3, at 25.
\textsuperscript{113} id.
The assessment of the patent system as an effective incentive is very difficult. It is suggested\textsuperscript{114} that ‘there is no quantifiable benefit compared with the systems with no equivalent protection’. It is argued that, after 1945 Japan was considered as developing country; but by the enactment of the strongest patent law, it became one of the world’s major industrial nations. This was facilitated by the flow of technology into Japan, under license agreements, joint ventures and technology transfer agreements\textsuperscript{115}.

In 1996, Dr. Raymond\textsuperscript{116} made an important study of the role of patents in the UK economy. He considered that the evidence clearly suggested that research and patent activities have become much more important to, at least, some industries. The industries which are the most patent-incentive appear to be those most prospering in the face of economic changes away from traditional manufacturing and towards the service sector.

Bainbridge\textsuperscript{117} argues that, ‘it was clear that something had to be done, either the patent system should be abandoned, or it should be reformed and streamlined to meet the needs of a heavily industrialized society that depends on invention and innovation for future growth and prosperity. There are other factors instead of patent system such as the inventor’s lead time, that halcyon period before competitors can equip their factories and commence manufacture, when he has no competition. Depending upon the nature of the invention the period may be large enough to justify the initial expense associated with putting the invention into use. However, the lead time would be insufficient and the inventor would have to look to factors such as quality and value for money as a way of making the whole undertaking profitable and worthwhile. Trade marks and goodwill are other ways in which the invention could be successfully exploited.’

\textsuperscript{114} The Report of Intellectual Property, 1971 by the Economic Council of Canada; id.
\textsuperscript{115} Braun, F, the Economic Role of Industrial Property, (1979) EIPR 265.
\textsuperscript{117} Bainbridge, supra, note 65, at 325.
There are two important considerations that must be regarded concerning the economic and institutional framework within which industrial property system can operate satisfactorily\(^\text{118}\). The first consideration is that granting of a patent for an invention normally does not amount to the grant of monopoly. Considering patents as monopoly rights is misleading. The patent is a self-destroying exclusivity\(^\text{119}\) in the sense that the disclosure of the invention facilitates the understanding of new technological knowledge, and its substitute and its adaptation to specific need.

This limited nature of the exclusive protection leads to the second consideration which is that industrial property system operates on competitive markets and will achieve encouragement of its maximum benefits on competitive markets alone. Encouragement of competition, which is the complementary function of industrial property system, means that governments introduce patent protection as a means to promote technological development upon fulfillment of certain conditions. In other words they must allow for some effective competition among enterprises, take care of the maintenance of competitive market structures, central economic concentrations and restrictive business practices which may be sometimes based on the use of intellectual property rights\(^\text{120}\).

The advantage of the patent protection is insufficient to support all costs necessary for the inventor to have scientific and technical skills\(^\text{121}\). The critics also argued that obtaining a patent is expensive and takes a long time. It may be several years before action can be taken against infringer. The system favours large wealthy corporations which have the deep pockets required to acquire patent and to defend them on global scale\(^\text{122}\).

\(^{118}\) WIPO, Supra, note 2, at 8.
\(^{119}\) i.e. the limited nature of the exclusive protection granted by industrial property system.
\(^{120}\) WIPO, Supra, note 60, at 9.
\(^{121}\) The inventor must be able to find adequately trained personnel and he must have access to abroad scientific and technological basis.
\(^{122}\) Bainbridge, supra, note 64, at 325.
James Dyson\textsuperscript{123} recently brought an action before the European Court of Justice, arguing that patent renewal fees are illegal as the inventor gets nothing in return. The opponents of the patent system could reply pointing to the continued protection afforded by payment of the renewal fees.

The critics of the patent system argue that ‘patents had served their purpose and were no longer needed in a developed industrial society’, while others see patents as insidious and positively harmful. The economist argued that ‘the granting of patent … inflames cupidity excites fraud… begets disputes and quarrels betwixt inventors provokes endless lawsuits, make men ruin themselves for the sake of getting the privilege of a patent, which merely fosters the granting of patents.’\textsuperscript{124}

Throw\textsuperscript{125} suggests an optimal patent system would differentiate between different industries, types of knowledge and types of inventors. For example, the electronics industries want speed and short term protection, whilst the pharmaceutical industry wants longer term protection because it takes a number of years before a new drug can be sold to the public.

The proponent of the argument against the existence of patents system believes that there are more effective ways to promote technological innovation, other than patents. Moreover, the existing system does not always achieve a perfect balance between the various levels of competitions\textsuperscript{126}.

\begin{flushright}
\textsuperscript{123} One critic of the system and who is the inventor of the wheel barrow with a ball for a wheel and the bag less vacuum cleaner; id.; cited in the Sunday Times, 1 March 1998.
\textsuperscript{124} Bainbridge, Supra, note 64, at 324.
\textsuperscript{126} Tornemans, supra, note 2 at 18.
\end{flushright}
(iii) **The Role of Trade Marks in Economic Development**

The extent of the use of a trade mark is influenced by several economic factors, such as the standard of living of the average consumer affecting the strength and type of consumer demand, the size of the market and the variety of product available, the level of industrialization determining the type of product available, and their geographical source, the economic system of the country, namely, whether planned, mixed or market economy encouraging an increase use of trade marks and the structure of the market, especially the extent to which consumer goods are afforded by competing enterprises.\(^{127}\)

Trade marks play an important role in intellectual property law regimes. It enables exploitation of products, process, design and works. It also plays a role in the traditional function of intellectual property rights to stimulate innovation. According to Colston,\(^{128}\) marks act cumulatively to other intellectual property protection, continuing the protection necessary for innovations after other intellectual property rights have expired.

Some commentators think that the value of trade marks is self-evident. In remarkable post-war commentary, it was said that the ‘faith of trade marks is a phenomena that the social science some day will describe as one of the greatest contribution of all time to social harmony and social progress’. Moreover, trade marks transform mental function into mental harmony and convert social destruct into mutual understanding\(^{129}\). In the case of *Aristoc Ltd v. Rystu Ltd*\(^{130}\), the House of Lords considered the function of a trade mark as an indication of origin or trade source of goods.

This function has not changed since it was provided for in the Memorandum of the creation of an EEC\(^{131}\) trade mark. Both economically and legally the function of trade mark as an indication of origin is

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\(^{129}\) Bently, *supra*, note 4, at 661.

\(^{130}\) *Aristoc Ltd v. Rystu Ltd*, (1945) 62 RPC 65.

\(^{131}\) The European Economic Community.
It follows directly from the concept of a trade mark as a distinctive sign that serves to distinguish products originating from a particular firm or group of firms from the products of other firms. From this basic function of trade marks, are derived all other functions which a trade mark fulfills in economic life. If the trade mark guarantees that the commercial origin is the same, the consumer can count on similarity of composition and quality of goods bearing the same trade marks. The advertised value of the trade mark requires that between the trade marked goods and the owner of the trade mark there exists a definite legal relationship. Although the quality of function predominates in the mind of the consumer, the publicity function pre-dominates in the mind of the producer. So far as the legal aspect is concerned, the decisive criterion is the function of the mark as an indication of origin. Only if the proper purpose of the trade mark is maintained, namely to distinguish the trade mark goods from goods of a different origin can it fulfill its further role as an instrument of sales promotion and consumers` information; and only then does the trade mark right perform its function of protecting the proprietor against injury to the reputation of his trade mark\(^{132}\).

In the beginning of the twentieth century, another important change in the role of trade mark happened. The function of the mark changed from being indicative of origin, to valuable assets in their own rights. This change has been described as change from ‘signal’ to ‘symbol’. As signals trade marks identify the maker of the product, as symbols, trade marks identify the product.

Recently, a new role of trade marks has taken place. It has become ‘Mythical Status’ or as ‘experience envelop’ helping consumers to construct identity of a product\(^{133}\). In England, the 1994 Act stimulates traders to preserve the distinguishing power and value of their trade marks. This Act

\(^{133}\) Bently, supra, note 4, at 665.
and its Directive, on which its main provisions are based, changed the traditional function of trade mark as an indication of origin which is stimulating trade as a means of advertising to original one. The Memorandum expressed that ‘by virtue of their role as an indicator of origin and quality and as a means of advertising, trade marks are indeed an indispensable means of promoting trade and in doing so assist the further interpretation of national markets. They help manufacturers to acquire new market and thus help to promote the expansion of economic activity beyond national borders’.  

The current economic importance of intellectual property rights, especially trade marks is essential for further economic and industrial development. The recent WTO Agreements strengthen the protection of trade marks and other intellectual property rights which demonstrate their tremendous economic value. Countries which give low level of protection to trade mark lose multi-million dollars due to counterfeiting of famous trade marks.  

The proper use of a trade mark and its effective protection contribute to economic development by serving the interest of the providers of goods or services in the market, such as manufacturers, producers, distributors, traders and retailers, as well as the interest of the consumer, the government authorities, and the national economy in general. These interests as well as justifications of trade marks may be discussed under the following headings:

(a) **Users of Trade Marks**

Trade marks enable enterprises that use it to draw the attention of potential consumers to the existence of the goods or services bearing the

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marks in order to retain their interest, and to distinguish the said goods or services from similar ones.\footnote{137}

Also, trade marks enable ‘enterprise to establish a market position, and goodwill in the market place. Thus, the effective protection of trade marks is an important aspect of commercial activity in any given country.\footnote{138}

The growth of any company depends on their ability to progress in the national and international context. To compete in the modern market place, any company must produce new products and processes which should in the perpetual state of change, improvement and renewal, to keep up with the ever-growing pace of technological development.

Trade marks can be used by the owner himself or by the licensee. When a trade mark owner uses his mark himself, trade mark gives him many advantages: the outside and inside sale and promotion of his goods and services; and the development of reputation for his goods or services in association with his mark resulting in good will of the trade mark. The development of the goodwill increases the value of the trade mark and enables the owner to retain and increase the demand for his goods or services\footnote{139}.

Therefore, it is in the interest of the developing countries to encourage local enterprises to use trade marks and thus help them to strengthen their market position.

(b) Consumers

The use of trade marks serves many interests to the consumer: it enables him to get information about goods and services available in the market, to know the manufacturer of goods and assist him in differentiating, and choosing from among similar goods and services\footnote{140}. Trade marks influence the decision of the consumer in choosing from within the immense

\footnotesize{\textsuperscript{137} id.\textsuperscript{138} WIPO, supra, note 127, at 71.\textsuperscript{139} id.\textsuperscript{140} id.}
growth in the scale of business and the advertising\footnote{Cornish, Supra, note 16, at 527.}. Moreover, the use of trade marks improves the quality of goods and services by stimulating quality competition.

Protection of the consumers against many forms of misleading trade practices is widely served by an effective trade mark system. Hence, in developing countries, it is in the interest of the consumer that the government improves the use of and the effective protection of trade marks\footnote{WIPO, Supra, note 127, at 6.}.

(c) Government Authorities

A trade mark helps the government authority in charge of controlling the quality or other characteristics of goods and services to identify goods or services which do not meet the required standards of the same goods and services for the purpose of test and complaint\footnote{id.}.

Moreover, the registration of trade marks provides a useful source of statistical and economical information for the government authorities. Therefore, it is in the interest of government authorities of developing countries to enact trade marks legislation and to adopt modern techniques for procedure of trade marks.

(d) National Economy

The use of a trade mark on the local goods and services results in a greater variety of higher quality goods and services. This leading to increase in production, employment and demand. These results will generally have beneficial social consequence for the country concerned by promoting the quality of life of the population in general, and stimulating commercial, social, industrial and agricultural development. Increase of production normally results in greater demand for new materials. Therefore, the proper
use and the effective protection of trade marks can advance the economic development.

(iv) Justifications for the Legal Protection of Trade Marks

The justifications for the legal protection of trade marks have received little consideration. There are possibly two reasons for this: the first is that the direct impact of trade marks rights is relatively limited; the other reason is that, for much of the last fifty years, the flourishing of brands has been equated with the success of capitalism.144

The justifications of trade marks differ from that of other intellectual property rights. Trade marks facilitate and enhance marketing of the product and indicate its source. Although trade marks have a monopolistic power, they do not prevent competition of marketing of the same products.145

There are private and public justifications for protection of trade mark. Private justification is the protection of the owners' private interests in their commercial reputation. However; commercial reputation is an integral part of the business which is owned by its proprietors. An individual does not always have an identifiable indication of reputation, whereas trade mark rights are only granted to signs capable of graphic representation, making proprietary rights appropriate.146

Public justification can be made that trade marks are considered as a form of consumer protection and as an aid to market competition for the benefit of the society. Trade marks may encourage competition by enabling competing products to remain identifiable in the market and enables mass marketing like super markets to preserve their identities. Thus, it saves marketing costs and consumers’ time.

144. This is in terms of increasing consumer's choice. Brand names then are the keystone of competitive economy, an economy where every man is encouraged to do the best he can, and the public is the Judge of whether or not he succeeds, because by branding his goods, people will know that they come from him; Benty, supra, note 4, at 661.
146. Id.
Numerous arguments have been used for the protection of trade marks activity. The incentive and reward theory focusing on labour and personality, which are used to justify copyright and patent, are difficult to apply to trade marks. The reason for this is that some trade marks may be invented but novelty is not a pre-requisite to protection. Nevertheless, commentators try to extend the idea of creation to include trade marks. This is done by two ways: By claiming that a trader creates goodwill as much as an author creates a work. Trade marks must be created to be protected in the sense of being either invented; or by virtue of the fact that a new association between the mark and product has been created. This justification of trade mark as a creation is weak, because, while the association between the mark and source may be brought about or initiated by the trader, they are as well created by the customers and the public behavior towards that mark\textsuperscript{147}.

The most apparently reasonable argument, justifies trade marks as a reward for investment. This argument was supported by justice Breyer of the US Supreme Court when he said ‘trade marks law helps to assure a producer that (it and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. In so doing trade mark law thereby encourages the production of quality product and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale. It is the source distinguishing quality that permits to serve these basic purposes\textsuperscript{148}.

The most convincing arguments justifying protection of trade marks are that they increase the supply of information to consumer and thereby increase the efficiency of the market and benefit the public. These arguments explain that trade marks are a shorthand way to communicate

\textsuperscript{147} Bently, Supra, note 4, at 661
\textsuperscript{148} Cornish, Supra, note 16, at 527.
information needed to facilitate the choice of the consumer. Such arguments are called investment or advertising function.

In the case of Qualitex v. Jacobson\textsuperscript{149}, justice Breyer of the US Supreme Court said that ‘by preventing others from copying a source-identifying mark, trademarks law reduces the customer's costs of shopping and making purchasing decision for it quickly and easily assures a potential customer that this item – the item with this mark – is made by the same producer as other similarly marked items that he or she liked or disliked in the past’.

The importance of the information provided by trade marks appears in the 'experience goods’, which a consumer cannot judge merely through inspection because the quality and variety of goods is not apparent. Here, trade marks help consumer to choose the product with the desired feature\textsuperscript{150}.

As far as the protection of trade marks is concerned, advertising plays an important role. ‘This is because trade symbols are species of advertising; their special characteristics are brevity and continuity in use, both of which are essential to their symbolic function’. In a very influential article, Rallp Brown\textsuperscript{151} tied the legitimacy of trade mark protection to advertising. He thought that 'advertising depends on the remote manipulation of symbols, most importantly of symbols directed at a mass audience through mass media or imprinted on mass-produced goods'. He further stated 'the essence of these symbols is to distill in the devices variously called trade marks, trade names, brand names, or brand symbols'. Brown has drawn distinction between what he called informational and persuasive advertising. He supports the ‘information’ advertising rather than 'persuasive'. He further argues that the justification of trade marks depends on their function to

\textsuperscript{149} 115 Sct 1300 (1995); cited Bently, id. at 662
\textsuperscript{150} id. at 663.
\textsuperscript{151} American academic.
indicate the source, quality and also their informational aspect of advertising.\textsuperscript{152}

The continuous economical investigation and discussion focused extensively in importing information, which they considered as the only useful function of advertising. Nevertheless, most advertising are 'persuasive advertising' and are socially unjustifiable because it added costs. ‘By differentiating their products in order to carve out a separate market in which demand, price, and output can be manipulated the main derive of advertising is to facilitate this latter form of control'. Brown does not support the idea of persuasive advertising and argued that the task of the courts in trade mark cases is to 'pick out', from the tangible claims, facts and doctrines they were set to unravel, the thread of informative advertising, and to ignore the persuasive.\textsuperscript{153} Marks are symbols around which investment in the promotion of a product is built and that investment is value, which shows quality worth of protection, even when there is no abuse arising from misrepresentation either about origin or quality.\textsuperscript{154}

There are also ethical justifications for protection of trade marks. The idea of fairness or justice is the basic principle to justify trade mark protection. The logic behind this is that a person should not be permitted 'to reap what he has not sown'. It is also said that 'by adopting someone else's mark, a person is taking advantage of the good will generated by the original trade mark owner'.\textsuperscript{155}

The ethical principle is wide in scope to include classical cases where a trader uses some one else's trade mark on identical goods, and in modern cases of comparative advertising such as ‘Roll Royce Cafe’ and dissimilar goods. In both cases consumers have not been confused. They take the advantages of the reputation built up by the earlier trader. The modern cases

\textsuperscript{152} Bently, supra, note 4, at 663.
\textsuperscript{153} id.
\textsuperscript{154} Cornish, supra, note 16, at 527.
\textsuperscript{155} Bently, supra, note 4, at 664.
of the use of basic principle of justification that ‘persons should not reap what they have not sown' are faced by three problems: The first problem is that the determination of what the trade mark owner has sown is difficult. Such a claim usually arises in cases of the mere selection of signs and symbols from the public domain by a trader who is not aware of the prior registration. The ambiguity also arises as to whether considering the treatment of the association that develop in the mind of the public as something of value which the trademark owner has sown. Secondly, it is often unclear whether a person is reaping from the cultivated soil of the trade mark owner or has obtained his or her fruits from the uncultivated commons. Thirdly, and more generally, the law does not penalize every case of reaping without sowing, for example, copying unpatented business ideas. As such the onus falls on the advocates of the reap-sow principle to provide guidance as to other factors that trigger the legal operation of the principle"156.

There are many other ethical arguments justifying trade marks protection. For example, it is sometimes argued that the misuse of trade marks is justified by reference to moral norms which treat 'truth telling' as a core 'good' rather than as necessary for maintenance of efficient markets. Pursuant to these arguments, the law allows a person suffering harms due to lying to bring an action against the liar. Lying may be misrepresentation as to the source of goods157.

(v) The Effect of Protection of the Intellectual Property Rights on Economic Activities in Developed and Developing Countries

The effect of protection of intellectual property right on economic activities in developed and developing countries is subject to continuous debate and discussion since 1950 when several states progressively became independent and other states were newly created. The issue of intellectual

156. id. at 666.
157. (159) id.
property has been dealt with between the developed and developing countries in the context of the North-South dialogue. The majority of the Third World nations have not yet been successful in technology transfer. The developed countries aim to get international standards for their controlling technology, which they transfer to developing countries. The relation between intellectual property protection regimes and technology transfer in third world is controversial.

Concerning rules governing copyright and neighboring rights, there are two categories of countries: countries having highly developed rules covering the use of produced material and on the other extreme are countries which give no protection, or only limited protection to produced materials. Countries having laws, which are not effectively enforced, may be included within the latter category. The two classified countries could themselves be divided into those which use produced material extensively and those making little or no use\textsuperscript{158}.

The economic importance in the use of protected material comprises: employment in user industries or manufacturing, broadcasting, electronic dissemination and collecting societies, the amount of royalties and other payment by users; the value of sales of product and service and consequent benefit and the protection against unfair competition\textsuperscript{159}.

With regard to national, international and regional economic policies in developed and developing countries, the importance of valid regulation of intellectual property rights resulted in three notable consequences in recent years. First, the United States, in areas where there is wide spread piracy has made a policy of requiring its trading partners to institute effective measures for the recognition of intellectual property rights. Second, the importance of the rights has been recognized by regional grouping like the NAFTA\textsuperscript{160},

\begin{itemize}
  \item [158] Sterling, World Copyright Law, 24 (2003).
  \item [159] id.
  \item [160] The North American Free Trade Agreement, which contains specific provisions of enforcement of intellectual property rights.
\end{itemize}
which contains specific provisions dealing with the recognition of intellectual property rights\textsuperscript{161}. The Cartagena Agreement has brought about provisions regulating the protection of author's rights and related rights\textsuperscript{162}.

In the European Union there have been extensive activities in harmonizing the rights,\textsuperscript{163} and the European Commission, like the United State, has pursued policies for requiring its trading partners to enforce intellectual property rights effectively. Thirdly, the most important is the conclusion of the TRIPs Agreement, which sets world standard for the protection of copyright and related rights. TRIPS divided countries into three categories: developed, developing and the least-developed countries,\textsuperscript{164} for the purpose of extending and harmonizing intellectual property rights.

From the above-mentioned remarks, there are three periods dividing the evolution of protection of intellectual property, which are territorial, international and global. The dominant feature of each period relates to the territorial reach, that intellectual property law gives to an owner of intellectual property. The Agreement on Trade-Related Aspects of Intellectual Property Rights represents the beginning of the global period. There are three kinds of consequences of property globalization: efficiency, distributive and moral autonomy consequences. Developing countries have little to gain from autonomy consequences. They have little to gain from TRIPs\textsuperscript{165}.

Advocates of intellectual property rights argued that 'the stronger protection will encourage significant flow of new technology to developing countries. Such flow would emerge from combination of two elements: Firstly, there could be a substitution effect, in which tightened intellectual property rights in poor countries would make them more attractive to

\textsuperscript{161} Paragraph 25.07.

\textsuperscript{162} Paragraph 25.08.

\textsuperscript{163} Paragraph 26.05.

\textsuperscript{164} Art-65 ,Art. 66; December 31, 1999 was dead line for all the least – developed countries to comply with TRIPs.

\textsuperscript{165} Drahos, Thinking Strategically about Intellectual Property Rights, 201-211 (1997).
foreign direct investors relative to develop nation that have strong systems of protection. Secondly, there would be scale effect, in which greater protection would raise the incentives for innovation and expand the supply of new products and technologies\textsuperscript{166}.

Centuries ago, developing countries had recognized the ability to use and market technology and copyright protected work of foreign author to promote their economy. Thus, they think that any attempt towards the enactment of international protection norms is a direct threat to their commercial and economic growth. In the developing countries, copyright owners are threatened by piracy due to inadequate enforcement. Unlike the west, developing countries give less or non-protection to copyrightable works\textsuperscript{167}.

Developing countries are facing acute challenge in respect of encouraging and fostering intellectual creativity and the urgent need for promoting knowledge, particularly in science and technology. Thus, they need adequate legislation to protect authors and creators both nationally and internationally\textsuperscript{168}.

In 1970, the issue of the debate, concerning the implication of intellectual property rights for developing countries, was that as many developing countries were not technologically at the forefront, the incentive provided by intellectual property rights, especially patent, in investment in research and development were meaningless. Intellectual property rights were described as 'protection for monopoly imports of benefit to exporters at the expense of developing country importers'\textsuperscript{169}.

Since 1970, many economic changes were undergone, including number of developing countries that reached the position of being the state of the art in several important sectors. Yet, numerous countries remain for

\textsuperscript{166} Scott, the WATO After Seattle, 140 (2000).
\textsuperscript{167} D'amato, etal, Supra, note 77, at 453 (1997)
\textsuperscript{168} WIPO, Supra, note 127, at 189.
\textsuperscript{169} Lesser,The Effects of TRIPs-Mandated Intellectual Property Rights on Economic Activities in Developing countries, papers n. 4/17100 for Cornell University.(quoting UNCTAD, 1975)
the foreseeable future, as buyers rather than producers of key products and technologies. This may lead to increased imports and higher prices in some sectors. Past justification of stronger intellectual property as being an important signal of openness to economic activities or the theoretical role of intellectual property rights, have been useful, but not a force for national leaders seeking some clearly documented evidence\textsuperscript{170}.

Developing countries have objections to exclusive rights conferred by the intellectual property. These exclusive rights are considered as a form of monopoly of the work although they have a limited duration. The availability of alternative products in the market, and the success of the idea of intellectual property rights determine the monopolistic nature of the intellectual property rights. Nevertheless, intellectual property rights provide a probability for monopolistic power\textsuperscript{171}.

Concerning patents, there is the problem of lack of substantive protection and inadequate infrastructure of patent protection systems in underdeveloped countries. According to D’mato\textsuperscript{172} ‘many countries fail to provide basic protection in fundamental ways the requirement in some countries that the patentee “work” or use the patented invention after a certain time of exclusive use is prejudicial to the rights of patent owners, even more prejudicial i.e the pervasive of compulsory licensing laws. Under the terms of a patent compulsory licence, a third party can use the patent on the payment of a statutory fee, often below market price. ‘The compulsory licence can result in a de facto expropriation of the patents’. Consequently, consumers' interest is threatened by inferior quality of products produced by an inventor who lacks incentive to invent. Many developing countries do not give basic protection in fundamental ways. Moreover, many developing countries lack governmental agencies to promote patents systems. They disburse few resources to examining performing thousands of applications.

\textsuperscript{170} id.
\textsuperscript{171} Colston, Supra, note 3, at 15.
\textsuperscript{172} D’amato, etal, Supra, note 77, at 450.
There are three evolutionary stages of patent protection that lead to the development of a country's economy: the first stage of a completely under-developed country having a very low standard of economic evolution. Such a country lacks technological capacity, international patentable inventions and ability to utilize a variable technology. Thus, it will implement older public domain inventions to incubate its economy. The second stage is that of a country of a medium standard economic development, with a more advanced technology and developed infrastructure necessary for innovation. Such a country depends on intellectual property piracy to develop its economy. The third stage is that of a country of a high level of economic development. Such a country can innovate world-class inventions needed for granting international patent protection. Hence, such country is supposed to establish the strongest patent protection system in order to face advanced countries\textsuperscript{173}. Developing countries hope to establish a sound development base to stimulate commercial and industrial activities. Being aware of the importance of intellectual property and so they have to establish national industrial property systems, where they do not exist, and to strengthen and upgrade existing systems inherited from their historical past and which are no longer responding to new needs and priorities. Industrial property systems can make an effective contribution to economic and technological development when the system is known and used by those for whose benefit it was established. Developing countries must be aware of the nature of industrial property and how it can be developed, and successfully exploited in commerce and industry\textsuperscript{174}.

Concerning protection of trade marks in underdeveloped countries, some countries do not encourage trade mark protection in their substantive law on the ground that foreign licensing contract imposes terms unfavorable

\textsuperscript{173} id.
\textsuperscript{174} WIPO, Supra, note 127, at 160.
to the local licence. Moreover, developing countries think that the economic self-sufficiency will be affected by the increased use of foreign trade marks. Accordingly, local producers lack recognition for their own goods. Further, the opposers of trade mark protection concentrate their opposition on relative costs and benefits to the economy of developing countries. Consumers in developing countries are normally attracted by persuasive advertising of foreign trade marks. This result in additional cost to consumer175.

Certain countries forbid importation certain categories of trade mark goods like pharmaceutical products. Some countries also have attempted confiscation of foreign trade mark.

In developed countries, it is argued that the usefulness of trade mark is that it identifies the product in the consumer's mind and expedites the process of product rating and reporting. Protection of foreign trade mark facilitates transfer of new technology and marketing techniques, like distribution methods.

According to Liu176 'technology is tradable because of high imitation cost. Under certain assumption there exits a long run steady state in the world with technology trade, and that, compared to imitation as a mode of technology diffusion, technology trade not only leads to a higher long run world growth rate, but also generates a set of comparative dynamics favoring growth. As to the normative aspects, it is found that technology trade provides a better change for an acceleration of technology diffusion resulting from parameter change to the welfare improving for both North and South Countries'.

He further stated that 'a mechanism of trade - induced convergence is hypothesized to interpret the so-called 'Asian Miracle'. The distinct feature of this model is that technology diffusion and human capital accumulation

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175. D'amato, etal, Supra, note 77, at 454.
in the South are complementary to each other in the process of endogenous growth. Since, international trade promotes technology diffusion; it generates a positive dynamic impact. The initial human capital level in the South is important only as a threshold in a weak sense; that a convergence result emerges in instance where the North does not benefit much dynamically from technology diffusion; that the regime of technology diffusion matters because it affects long-run growth and welfare of both economies, and that both economics prefer technology trade as a regime of technology diffusion, no matter whether or not it will finally lead to convergence.’

The state of intellectual property rights and their protection and exploitation in African countries is examined. Listed are the coverage of intellectual property laws, the subject matter of protection and the scope of rights conferred. It is shown that African legislation is generally comparable to that in developed countries with regard to term of protection, compulsory licensing, subject matter and government and public interest use. A comparison is made between developed countries and African members of GATT in regard to fields excluded from protection. The result of surveys of some individual African countries gives the extent of registration of patents and technology transfer to these countries. The possible impact of new legislation, especially in the context of the TRIPs negotiations of the Uruguay Round, is considered177.

According to Taylor178 a North-South model of unintentional technology transfer is developed where the stringency of Southern patent protection provides the institutional backdrop for a strategic game in a high-tech goods market. The approvability regime is set endogenously and combines element of imperfect Southern patent protection with the protection afforded by market-made Northern technology masquing. Less

stringent protection of Northern intellectual property can work much like other strategic trade policies; therefore, developed countries appear to be right in demanding discussion of intellectual property rights in the General Agreement on Tariffs and Trade.

According to Cornish\textsuperscript{179}, for developed and developing countries alike, there are new reasons to attach major importance to the sharing up of value, which intellectual property rights can provide. As a consequence it was possible to include embracing panoply of protection in the TRIPs Agreement. A first step may well have been taken towards the true internationalization of intellectual property as framework for fair dealing within a world of free trade.

In the course of the Uruguay Round of GATT, it seems that it took into its own consideration the economic interests of the developed countries without prejudicing the interest of the developing countries. The developing countries hesitate in protecting costly intellectual product produced in the industrialized countries. They depend on international law, which gives each state the sovereign right to determine its own economic interests without interference from other states\textsuperscript{180}.

The TRIPs Agreement balances between advocates of its consolidations and reform, and sceptics who are concerned about international distribution of cost and benefits it could generate. The econometric evidence suggested that such sceptics may be misplaced over the long term; in that, intellectual property rights should attract additional technology through variety of channels to countries with competitive market places and adequate skills\textsuperscript{181}.

The new global intellectual property regime must achieve effective balance between the interest of technology developers and technology users. This is done in four ways: First, to increase TRIPs' support in developing

\textsuperscript{179} Cornish, supra, note 16, at 643.
\textsuperscript{180} D’amato, et al, supra, note 77, at 458.
\textsuperscript{181} Scott, supra, note 166, at 140-157.
nations. Developing nations should announce and implement a serious effort to provide technical and financial assistance and to promote mechanism for effective technology transfer on reasonable terms. Second, developed nations could provide a sympathetic hearing and technical advice to developing countries that propose to extend competition policies to intellectual property rights. Thirdly, governments in rich countries should devote more attention to the financing of international public goods relating to intellectual property rights. The most important demand in this context is for promotion to research into treatment for diseases endemic in impoverished areas and for disseminating the treatment generated. Fourthly, intellectual property rights and environmental issues they raise can no longer be treated separately on the multilateral agenda.\textsuperscript{182}

If TRIPs achieves effective compliance in the global economy, developing countries need to be convinced that it would generate substantive dynamic gains for them. Thus, developing economies must complement their stronger intellectual property rights regime with further market liberalization and efficient competition.

\textbf{vi. Conclusion}

This chapter dealt with the economic aspects of intellectual property law including copyrights, patents and trade marks. The justifications of copyright, patent and trade marks, attempt to secure a balance between private rights or individual rights and public rights or society welfare. These justifications are based on three basic theories: natural law theory, the reward theory and the incentive or bargain theory.

While it may be difficult to determine whether on balance, copyright is a good thing, it is easy to note particular distortions that a copyright law corrects. Without copyright protection authors and publishers would have inefficient incentive. A utilitarian describes copyright law as an incentive

\footnote{\textsuperscript{182} \textit{id.}, at 157.}
system aimed to produce works of authorship and thereby enhance the public welfare. Copyright protection of work of authorship as intangible has received much discomforts and disagreements.

Computer software is regarded as a prime public good. There are remedies to the cost and market failure of innovative computer program. The most effective remedy is the enforcement of intellectual property rights and by bestowing limited monopolistic opportunities and adopting technological means such as anti-copying schemes.

As has been noted earlier, a number of different justifications support the patent systems. The inventor has a natural right to the products of his mental labours to protect them from being stolen by others. Others have argued that justice requires a reward to the inventors contribution. The law must be used to guarantee his rewards so that inventor can get sufficient recompense for his effort. Patent is also justified by the incentive theory by constructing a framework whereby inventions are rewarded. This will act as incentive to make new inventions and to invest the necessary time and capital. Lastly, the informational role of patent system, which encourages inventors to disclose their secrets to society, in case of non-protection of the invention, the technical details of the invention will be kept secret and society will not benefit.

Although the public interest is restricted by the grant of monopoly, it is secured by increased industrial activities, developing new technologies and disclosure of new and useful inventions. The patent systems also contain a number of safeguards such as compulsory license and government use to curb any significant abuse of patent monopoly.

The justifications for the legal protection of trade marks have received little consideration. The role of trade marks in economic development is affected by the users of trade mark such as enterprises to draw attention of consumer to the existence of goods bearing the marks; it is also affected by enabling the consumer to get better information about
goods, and this encourages competition and lowers prices by increasing consumer’s goods; it is effected by government authority responsible for controlling the quality of goods; finally, it is affected by national economy through the use of a trade mark on the local goods which result in higher quality goods, increase in production, employment and demand. Therefore, the proper use of trade marks and effective protection can advance economic development.

Trade marks are a shorthand way of communicating information and thereby increase the efficiency of the market and benefit the public. The legitimacy of trade mark protection is tied with advertising whether it is informational or persuasive. Also, the idea of fairness or justice is the basic principle to justify protection of trade marks.

The effect of protection of intellectual property rights on economic activities in developed and developing countries is subject to much debate. According to TRIPs, there are three kinds of countries: developed or technology providing, developing or technology receiving and the least developed countries. The debate is concerned with developed and developing countries including the least developed ones, which are referred to as the South Countries. In general, developing countries seem to be in a weaker position compared to the developed countries. Uruguay Round of GATT took into its consideration the economic interests of the developed countries. The concern was about how to isolate the effect of intellectual property protection and to distinguish them from the influence of other factors such as supply and demand, the level of technological and economical development of the countries, the importance of innovation, and the enforcement mechanism. Developing countries hope to establish development base with stronger intellectual property legislations to compete with developed countries in reaching the stage of being the state of the art.
In conclusion, the strength or weakness of a country's system of intellectual property protection and its economic position seems to have substantial effect in relatively high technology industries.
Chapter 3

Copyright and Related Rights

This chapter introduces the concept of copyright and places it in philosophical and legal context. It further discusses the nature of rights conferred by copyright and their limitations. Reference will be made to the Sudanese legislation and to other systems of intellectual property law, especially English and American laws and international instruments like the Berne Convention, the Trips Agreement, and other related copyright and related rights agreements and conventions.

1. Nature of Copyright

Copyright law is that branch of law which deals with the right of the intellectual creator\(^1\). The Sudan’s Copyright and Neighbouring Rights Protection Act 1996 defines copyright as meaning "any of the rights mentioned in section 8 of the Act and includes other similar rights"\(^2\). These rights are divided into moral and economic rights. The English Copyright, Designs and Patents Act, 1988, defines copyright as 'the exclusive rights to do and authorize other persons to do the acts restricted under that Act by the copyright of a work of that description'\(^3\). The USA Copyright Act 1976 defines Copyright as the exclusive right of the owner of a copyright work to do and to authorize certain acts restricted under that legislation\(^4\). The World Intellectual Property Organization\(^5\) provides that copyright protection is no

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\(^2\) s.3.
\(^3\) S.1 (1).
\(^4\) s. 102.
\(^5\) Or WIPO, one of the specialized agencies of the United Nations.
more than legal use of work which is done in accordance with the authorization of the owner of the work.  

Some writers describe copyright as the fruits of a man’s brain. Thus, it has characteristics of property and becomes worthy of protection by law. Ideas themselves are free. Nobody owns them and copyright is merely designed to protect organization of ideas and the selection of words, colors, shapes…etc. Both the organization and the selection require skill and labour, and the policy of copyright law is to encourage creativity. There is a difference between copyright and the tangible object in which ideas are expressed. Trips Agreement provides that ‘copyright shall extend to expression not to ideas, procedures, and methods of operation or mathematical concepts as such’.

Gorman defines copyright as ‘asset of exclusive right in literary, musical, choreographic, dramatic and artistic works’. Tier defines copyright as intangible property of particular interest to author. Joyce considers copyright as the product of the mind protecting the author’s exclusive right to reproduce copies of their works. Copyright is ultimately a means towards promoting the general welfare. Miller defines copyright as protection of original expression of an idea upon fixation in a tangible medium.

In civil law countries or Europe copyright is divided into two branches; copyright proper and neighbouring rights. This is not found in common law nor in the Sudanese Copyright Protection Act 1974 but it is accepted in Copyright and Neighbouring Rights Protection Act 1996. In England, the

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7 Copinger and Skone James, Copyright, 3 (10. ed 1965);
8 S.9 (2); for more discussion see Goldstein, Copyright, 15:20 (2. ed 1988).
11 Joyce, etal, Copyright law, 1-3 (3. ed 1995).
basic framework of British Copyright Law is largely to be found in the Copyright Designs, and Patents Act, 1988 which abounded the formal distinction between different categories of works. Nonetheless, an informal distinction is made between what are known as ‘authorial works’ and entrepreneurial work (or neighbouring right)\(^\text{13}\).

Copyright is limited to the right of the authors who originally created the work. Neighbouring rights protects those who assist intellectual creators in communicating the message of the author or creator of a work and help to disseminate works intended by their creators and authors to be conveyed to, and enjoyed by, the public at large\(^\text{14}\).

Neighbouring rights are made in relation to three categories of performing artists, i.e. actors, singers, musicians, dancers, or other persons who act, sing, deliver, declaim, play in or otherwise perform literary or artistic works; phonogram producer, i.e., a person who, or the legal entity which, first fixes the sounds of a performance or other sounds, and broadcasting organization, i.e., those engaged in telecommunication of sounds and / or images by means of radio waves for reception by the public at large\(^\text{15}\).

The Sudan’s Copyright and Neighbouring Rights Protection Act 1996 differentiates between copyright and neighbouring rights. The Act defines neighbouring rights as ‘the rights of performers, producers and broadcasting organization’\(^\text{16}\). The Act further defines performers ‘as actors, singers, musicians, dancers or any other person who acts, sings, delivers, declaims,

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\(^{14}\) Tier, *Supra*, note 10, at 192.
\(^{15}\) *id*.
\(^{16}\) s.3.
recites, plays or otherwise performs literary or artistic works; including puppet show, variety and circus artists.\(^{17}\)

According to Bently ‘the rationale for differentiating between copyright and neighbouring right is that neighbouring (or entrepreneurial) rights are typically derivative, in the sense that they use or develop existing authorial works; that they are a product of technical and organizational skill rather than authorial skills; and that the rights are initially given not to the human creator, but to the body or person that was financially and organizationally responsible for the production of the material.\(^{18}\) Trips Agreement provides for the protection of related rights, i.e., protection of performers, producers of phonograms or sounds recordings and broadcasting organizations.\(^{19}\)

According to Sterling copyright means in general the right granted for the protection of literary, dramatic, musical and artistic works, and other works resulting from the author’s own intellectual creation.\(^{20}\) Sui generis rights are rights which may be regarded as different in nature from copyright and related rights. They are defined by Sterling as rights accorded to makers of semiconductors, topographies and databases.

TRIPs Agreement discusses copyright and determines its relation to the Berne Convention.\(^{21}\) It provides that members shall comply with Articles 2 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under Article 6 bis of that convention or of the rights derived therefrom.\(^{22}\) The provisions of moral

\(^{17}\) id.

\(^{18}\) Bently, Supra, note 13, at 29.

\(^{19}\) Art. 14; this article is based on Rome Convention of 1961.


\(^{21}\) from Art. 9 to Art. 40; from art. 9 to 13 concerning copyright.

\(^{22}\) Article 6 bis of the Berne convention provides for moral rights of the author to claim authorship; to object to certain modification and other derogatory actions.

\(^{23}\) Art. 9(1).
rights were excluded from the TRIPS Agreement after extensive negotiations led by the United States.

Folklore plays an important role in Africa and Asia than in Europe. Bolivia is the first country which passed a law providing for the legal protection of its national folklore, using a quasi copyright framework\textsuperscript{24}. The Sudanese Copyright and Neighbouring Rights Protection Act, 1996 states that "national folklore of the Sudanese Community is deemed to be the property of the state\textsuperscript{25}". It further states that "the state, represented by the Ministry of Culture and Information, shall endeavor to protect works of folklore by all legal ways and means, and shall exercise the rights of an author in cases of mutilation, transformation and commercial exploitation"\textsuperscript{26}. The General Conference of UNESCO defines folklore as "it forms include language, literature, dance, games, mythology, rituals, customs, handicraft, architecture and other arts". Folklore is a window to a community's cultural and social identity, its stands and values. It is part of the community's self-expression and means of communication. At the international level, the Universal Copyright Convention for Protection of Literary and Artistic Works and the Berne Convention do not provide for folklore. However, the Berne Convention may protect folklore at the option of each Member state\textsuperscript{27}. The Agreement on Trade Related Aspects of Intellectual Property Rights adopts a non-committal attitude towards folklore and neither expressly affirms nor expressly excludes its protection. The recent decision of the Federal Court of Australia in\textsuperscript{28}, discussed the protection of folklore.

\textsuperscript{24} Convened from 8 to 10 April 1997; Shyllon,\textit{Conservation, Preservation and the Legal Protection of Folklore in Africa} ::a General Survey,37(1991).
\textsuperscript{25} s.7(1).
\textsuperscript{26} s.7 (2).
\textsuperscript{27} art.15 (4 ).
\textsuperscript{28} (1995)91-611
and cultural rights. The court held that the plaintiff was the owner of copyright in the aboriginal flag.

2. Rights Comprised in Copyright

The author has certain rights in respect of his work, and these rights are usually referred to as exclusive, in the sense that the author has the right to exercise them and, as a corollary, to exclude others from exercising them.

There are external and internal limitations in the nature of copyright. These limitations have effect in the right accorded to an owner under the copyright Act. The external limitation is that only the work emanating from the copyright proprietor is capable of copyright protection. The internal limitation is that copyright protection is accorded to acts that fall within the scope of rights protected. Moreover, the nature of the rights granted to copyright owner differs according to the type of copyrighted work29.

The rights conferred by copyright were stated in section 6 of the Copyright Protection Act, 1974 which is now section 8 of the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996. These rights are granted to the author defined as "the physical person who created the work and under whose name the work has been published by any means known or to be invented in future unless there is proof to the contrary"30.

Sterling defines economic rights as ‘those rights which are specifically designed to give the author or other right owner the opportunity to control and participate in the benefit of the use of his work’31.

30 s.3.
31 Sterling, Supra, note 20, at 366.
(i) The Content of Rights

The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 specifies the content of the author’s rights\(^{32}\). The same rights are expressly protected by English law.

The economic rights can be claimed in a work, which is defined generally by the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996\(^{33}\). It divides the works into two main categories: original works in the fields of literature, science and arts, and derivative works. The first category is subdivided into seven groups: written works; works of fine art; dramatic, dramatico-musical works; audiovisual works; photographic works and computer programs. The second category is subdivided into two groups: translation, adaptations, arrangements and transformation of original works and collection of protected works or of non-protected materials.

The economic rights of the owner of the copyright are the following:

(a) To Publish and Reproduce the Work

This is the basic right of all the rights conferred by the Sudan’s Copyright and Neighbouring Rights Protection Act 1996. The copyright owner can produce the work in the form of copies, i.e., any material object from which the work can be read, seen, heard or performed. The Act provides that the author of the work shall have right to authorize “publication and reproduction of his work by any means, known or to be developed, and its distribution to the public by sale, lease or lending on a commercial basis”\(^{34}\). All of the rights mentioned in this section are in essence a right to copy. Thus,

\(^{32}\) s.8.
\(^{33}\) s.5.
\(^{34}\) s. 8 (2) (a).
the right of reproduction includes printing, lithography, photocopying and photographing and making films and phonograms.\textsuperscript{35}

Reproduction has four basic aspects namely the form, content, duration of the reproduction, and the scope of the right itself. The form of reproduction will be material and it differs according to the nature of the work. The reproduction of literary and musical works is the copying of the text of the work. Artistic work can be reproduced by hand or a photograph. The sculptures and other three-dimensional works may be reproduced in the form of a replica.\textsuperscript{36} One common misconception is that reproduction in any material form includes carrying out the instructions in a literary or artistic work. To make a recipe book is not reproduction of that recipe.\textsuperscript{37}

Concerning the scope of the reproduction right, there are rights which are separate from it. These are the right of adaptation; distribution of copies, rental and lending of copies, nevertheless in some countries\textsuperscript{38} the reproduction includes the rights of distribution, rental, etc...\textsuperscript{39}

A copy is defined by USA Copyright Act 1976 as meaning ‘any object from which either with the naked eye or other senses or with the aid of a machine or other device, the work can be perceived, reproduced, or communicated’.\textsuperscript{40} Not all copying renders an act infringing but there are two limitations: First, the word “copy” by its nature is a tangible object that is copying of an original work. This definition excludes the performance of oral rendition of a work. Secondly, the reproduction must be visually perceived or

\textsuperscript{36} Sterling, \textit{Supra}, note 20, at 368.
\textsuperscript{38} Such as France and Belgium.
\textsuperscript{39} Sterling, \textit{Supra}, note 20, at 368.
\textsuperscript{40} S. 101.
read. Accordingly, it excludes piano roll or phonograph record\textsuperscript{41}. Thus in, \textit{White Smith Music Publishing Co. v. Apollo Co.}\textsuperscript{42}, the Supreme Court held that “an unauthorized manufacturer and seller of piano rolls did not infringe the copyright owner’s exclusive right to copy, since the piano rolls were not “copies”.

A copy of a substantial part of a work infringes the copyright owner’s exclusive right. Whether a part is substantial is decided by its quality rather than its quantity. In \textit{Hawakes and Sons (London) Ltd v. Paramount Film Service Ltd.}\textsuperscript{43}, new steel contained 28 bars comprising the main melody of the well–known march ‘colonel Bogey’. This portion lasted only 20 seconds, whereas the full march lasted for some four minutes. Nevertheless, the new steel was to infringe the copyright in the march. It was held that what is substantial is a matter of fact; and value as well as quantity must be considered.

The correct test of copyright infringement in a case of non-listed copying adopted by English courts is that: there must be a work; it must be original; there has been copying and the copying must be substantial. Thus, in the case of \textit{Ibcos Computers Ltd v. Barclays Mercantile High Land Finance Ltd}\textsuperscript{44}, the defendant had started by loading a copy of the plaintiff’s software without authority that of itself was copyright infringement and the judge could have found for the plaintiff without going further. Copying was proved by the existence of marked and the unexplained similarities between the plaintiff’s and the defendant’s code for instance, spelling mistakes and unused lines of code.

\textsuperscript{41} Nimmer, \textit{Supra}, note 29, at 378.
\textsuperscript{42} (1908). S. 209; cited in Nimmer, \textit{id}, at 378
\textsuperscript{43} [1934] Ch. 593.
In the Dutch case **PCMU Euro clip and ors**\(^45\), it was held that the rendition of material from newspaper into digital form and the use of such renditions in commercial press clipping services require the consent of the owners of the author’s right in the material.

The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 uses publication and reproduction as interchangeable words. The Act defines publication as meaning “lawful reproduction of a work or of any audiovisual or recordings\(^46\) in any material form and distribution of copies thereof to the general public by sale or otherwise”\(^47\). Under a publishing contract with the copyright owner, the publisher undertakes the duty to make copies of a work and distribute the work to the public, but the contract may provide that the copies are to remain in the publisher’s store until further instruction from the author\(^48\).

Recently, the multiplicity of cheap means of reproduction has grown up including: the development of offset printing and photocopying machines; the invention of magnetic tape “pictures” and higher quality cheap cassette, to record the songs with it and reproduce it and the invention of video recorders.

TRIPs Agreement provides that phonogram producers shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms\(^49\).

Usually a contract of reproduction identifies conditions of distribution of copies such as quantity, price and geographical area of authorized

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\(^{45}\) Amsterdam District Count, September 4, 2002, comments in Copyright World November 2002, 11.

\(^{46}\) The Act defines sound recordings in s.3 as any exclusive aural fixation of sounds of a performance or other sounds in a material carrier such as tape, disc, etc’

\(^{47}\) s.3.


\(^{49}\) Art. 14 (2).
distribution\textsuperscript{50}. The distribution right means ‘the right of the author to control dissemination of physical copies of the work’\textsuperscript{51}. Distribution rights involve many important principles like exhaustion of the right, parallel imports and rental and lending right.

‘The author’s right of distribution of a copy of a work is said to be “exhausted” as regards that particular copy when the author has permitted the sale of that copy’\textsuperscript{52}. In United State, this principle is called ‘the first sale doctrine’.

There are three type of exhaustion: national, regional and international exhaustion\textsuperscript{53}. National exhaustion is ‘exhaustion of the right to control further distribution of a copy in a particular country once that copy has legitimately been placed on the market in that country’. Regional exhaustion\textsuperscript{54} is that ‘where the authorized placing of a copy on the market in a particular region will exhaust the author’s possibility of controlling further distribution of that copy in that region. Under international exhaustion the authorized sale of a copy anywhere in the world will exhaust the distribution right in all countries as regards that copy\textsuperscript{55}.

Sometimes, the right owner fails to avoid the principle of exhaustion of rights. This is clear in a case where he tries to prevent distribution of goods through the exercise of copyright in the labeling. Thus, in the German Perfume Flacon case\textsuperscript{56}, the plaintiff sought to prevent sale of goods through an unauthorized dealer. The goods consisted of the perfume “poison” in which author’s right was not claimed contained in a glass flacon in which for the

\textsuperscript{50} UNESCO, Supra, note 35, at 28.
\textsuperscript{51} Sterling, Supra, note 20, at 369.
\textsuperscript{52} id, at 370.
\textsuperscript{53} For more details about principle of exhaustion of the right see sterling, id, at369.
\textsuperscript{54} Applies under the European Community Directive in the EEA.
\textsuperscript{55} Sterling, id, at 370.
\textsuperscript{56} BGH, May 4, 2000; (32 11- c 718).
purposes of the case, it was assumed that protection existed under the German Author’s Rights Law on the basis that flacon was a work of the applied art. The plaintiff had consented to the sale of the goods. The court held that the plaintiff could not use the author’s right in the flacon to prevent the offering and advertising of the goods. To allow such use of author’s right would allow the plaintiff to control further distribution of the goods, something which he was precisely not allowed to do by virtue of the application of the principle of exhaustion of rights.

The court distinguished the decision in parallel imports or ‘grey imports’ which arises where copies of a work or other protected material are legitimately sold in country A, and then imported into country B. The problem usually arises where copies are on sale in country A at lower prices than that asked by the copyright owner in country B, and a third party, for example retail shop, and wishes to import the cheaper copies from country A so that it can undercut the price of the copies being sold by the copyright owner. National laws differ in this respect. Many of them permit the copyright owner in country B to control the import of copies legitimately sold in another country. Some countries regard the copyright owner in country B as having exhausted the distribution right by permitting the sale in country A, so that the import into country B cannot be prevented57.

b. The Right to Perform the Work Publicly

This right has long been recognized by national and international laws. Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 as well as under the USA Copyright Act, 1976 and the English Copyright Act 1988 the copyright owner has an exclusive right to perform dramatic, non-

57 Sterling, Supra, note 20, at 372.
dramatic and musical composition works. The right cannot be claimed in works of the fine art such as sculpture\textsuperscript{58}. The term “performance” and “public” are not defined. USA Copyright Act 1976 defines “to perform the work” as meaning “to recite, render, play, dance, or act it, either directly or by means of any device or processor, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible”\textsuperscript{59}.

The English Copyright Act, 1988 restricted public performance right of a work to literary, dramatic and musical works\textsuperscript{60}. This section states that ‘performance includes delivery of lectures, addresses, speeches and sermons…or any mode of visual or acoustic presentation including by means of sound recording, film, broadcast or cable programme’. Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 as well as under English Copyright Act 1988 and USA Copyright Act 1976 many difficult definitional questions arise in determining what constitutes classifying the public and the transmission acts concerned in terms of the traditional categories and the problems arising in connection with reception of programmes in hotel rooms, and in music on hold. The courts decisions differ in determining whether the transmission of works by hotel proprietor to guests in their rooms constitute an act of infringement i.e. whether communication to the public is involved. In some cases the courts have decided that communication to the public is not involved, so that no permission of the owner of copyright or related rights in the transmitted material is needed\textsuperscript{61}. In other cases, the courts held that a communication to the public is involved and

\textsuperscript{58} s.8 (2) (b); 5-106 (4) of the USA Copyright Act 1976; 5.19 of the English Copyright Act 1988.

\textsuperscript{59} s. 101.

\textsuperscript{60} s. 19 (2).

\textsuperscript{61} Sterling, Supra, note 20, at 375.
the right owner’s consent is needed. Thus, in Rank Film Prodon Ltd v. Dodds\textsuperscript{62}, the court held that the transmission of films by hotel proprietor to guests in their rooms constituted an act of infringement because guests saw films as members of the public.

Accordingly, for performance to be protected two requirements must be fulfilled: first, the performance must be public; the second requirement is that the performance must be for profit.

Under USA practices, the attendance of a substantial segment of the public renders a performance public. In this case, the physical presence is not necessary. Thus the homely radio broadcast is a public performance\textsuperscript{63}.

To determine whether a performance is in public English courts have employed three tests. In some cases, the concept of the public is understood according to the character of the audience\textsuperscript{64}. Sometimes judicial distinction was drawn between the public at large and audience limited by vocation or membership. Thus, in Duck v. Bates\textsuperscript{65}, the Court of Appeal held that copyright in the play "our bodies" was not infringed when amateur dramatic club performed it at Guy’s Hospital for the entertainment of the nurses. This was because it was held to be domestic performance.

But the principle in Duck v. Bates does not provide a workable formula as several cases regarded performance as public although an audience is limited\textsuperscript{66}. Thus, in Ernest Turner Electrical Instruments Ltd v. Performing

\begin{footnotesize}
\begin{enumerate}
\item[63] Nimmer, Supra, note 29, at 398-418.
\item[64] Bently, Supra, note 13, at 134.
\item[65] [1984] 13 Q. B. D. 843; the defendant performed a dramatic piece in a room in hospital for the entertainment of nurses .attendantants and other hospital workers without the consent of the copyright owner .no admission charge was made but approximately 170 persons attended each performance .It was held that the room where the drama was presented was not a place of public entertainment ,and that consequently the defendant was not liable to the copyright owner in damages.cited in Bently, id; Cornish, Intellectual Property, 431 (1996).
\end{enumerate}
\end{footnotesize}
Right Society Ltd, the owner of a factory replayed music records to his 600 employees. Strangers were not allowed access to the factory. Nevertheless, it was held that the performance was a performance in public for the purposes of the Copyright Act 1911, section 1 (2).

The second test, to determine whether the performance is in public, ignores the public or private nature of the performance and focuses on whether the performance is motivated by financial considerations. The profitable performance is considered to be in public. An expectation of direct or indirect commercial advantage or gain is enough to constitute a performance for profit. Thus, in Herbert v. Shanley Co, it was held that music performance for customers of a restaurant is a performance for profit even if the customers pay no additional charge for the music.

The performance is for profit even if the money is used to repay indebtedness and to avoid an annual deficit. Thus, in Associated Music Publishers, Inc. v. Deb Memorial Radio Fund, Inc., the defendant, a non-profit Corporation, operated a radio station allotting one-third of its time to pay advertisers to support the other two-thirds that sustain musical programs and free time for institution. It was held that, though the operation of the station is not for profit, the performance of sustaining programs constituted infringement.

According to Cornish ‘to be in public, a performance does not have to be a paying audience or be paid performance, it is enough that entertainment is being offered as an incident of some commercial activity’.

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68 Bently, Supra, note 13, at 135.
70 (2 nd. Cir. 1944), 141 F. 2D, 852; cited in Nimmer, id., at 404.
71 Cornish, Supra, note 65, at 431.
The English Copyright Act 1988 makes it clear that school play or other performance will not be exempted if parent or friends are present\textsuperscript{72}. A third test, to determine whether a performance is in public, has focused upon the copyright owner’s monopoly. Under this approach, a performance is ‘in public’ if it is made to or before the copyright owner’s public\textsuperscript{73}. This test was adopted in \textit{Jennings v. Stephens}\textsuperscript{74}; the performance of a play ‘The Rest Cure’ by the members of a Woman’s Institute without charge and without guests was held to be in public.

The performance of religious and secular musical works for charitable or educational purposes is exempted from liability under both the USA Copyright Act 1976 and the Sudan’s Copyright and Neighbouring Rights Protection Act 1996\textsuperscript{75}. This exemption is in fact nonsense, because non-profit musical performance does not constitute an act of infringement. The United States Court of Appeal attempted to give some meaning to this exemption in \textit{John Church Co v. Hilliard Hotel Co.}\textsuperscript{76}, when it suggested “a performance was for profit within the meaning of section 1 (e) if only an admission charge were made. But under section 104\textsuperscript{77}, a performance might not be for profit even if an admission charge were made, provided it was for charitable or educational purposes”.

Single rendition of a work may produce more than one performance. In phonograph records, the recorded rendition and playing are two separate performing rights. This famous doctrine was developed by the case of \textit{Buck v. 

\textsuperscript{72} s.34 (3).  
\textsuperscript{73} Bently, \textit{Supra}, note 13, at 135.  
\textsuperscript{74} [1936] 1 ch. 469.  
\textsuperscript{75} s. 14 (5).  
\textsuperscript{77} The USA Copyright Act 1976 in s. 110 exempts certain performances from the copyright Owner’s exclusive rights. These are ‘face to face’ educational activities, religious ownership, non-commercial, non-public performances for charitable purposes, limited reception on home-tape receivers involving no admission charge, fair and performance by or for the handicapped.
Jewel. La Salle Realty Co.\textsuperscript{78}. The defendant company maintained a master receiving set that was wired to each of the public and private rooms with loud speakers in the hotel. The defendant, without contractual right, picked up programs broadcast over the air in the same manner as any listener with a radio. The plaintiff copyrighted popular song was rebroadcast without the local radio station’s authority. Defendant received this broadcast with its master radio receiving set to be heard over the loud speaker in the hotel. Plaintiff brought an action for copyright infringement against both the operator of the radio station and the defendant. The Supreme Court held that the specified acts of the defendant constituted public performance for profit. The performance was public on the ground that a radio broadcast; a first performance was a public performance. The second performance, the hotel wiring the performance to all of the rooms in the hotel, was also public performance. Thus, a multiple performance was a public performance.

The performer himself determines the public nature of the performance. The performance is not public if the performer is a private individual who performs in a private home. Further development of the multiple performances was made by the case of Society of European Stag Authors and Composers Inc. v. New York Hotel Staler Co.\textsuperscript{79}, which differs in two respects from Jewell LaSalle case. First, the loudspeakers of the defendant hotel were in the guestroom. This does not deprive performance from being public, because the assembly of the audience is not necessary. Secondly, the defendant hotel transmitted two different stations to the individual loudspeakers. The guests operating loudspeaker controls made the selection of the described station. This does not render performance to be private.

\textsuperscript{78} [1931, 282] US, 191; cited in Nimmer id, at 408.
Any licence impliedly provides for the right of multiple performances, but the performing right societies of musical performance reserves multiple performance right related to licensing of radio and television stations. Television antennae systems are necessarily designed for television reception in complicated areas. In this system, performance of motion pictures and other dramatic productions constitute copyright infringement, although they are non-profitable and private.

The substituted doctrine for multiple performances is the theory of Patterson v. Century Productions, Inc.\(^{80}\), which held that image on the television screen constitutes an infringing “copy”. Thus, unlicensed viewers of television program may be regarded as infringing copiers. To avoid this, the copyright owner may provide in the television station license for the extension of the license to over the air viewers, not to antenna system viewers.

Some radio and television broadcast of pop music can be said to be in the copyright owner’s best interests because they publicize his work. In Performing Rights Society Ltd v. Harlequin Record Shop Ltd\(^{81}\), the owner of some records shops refused to pay the requisite fee, arguing that playing the records over loudspeakers in the shops promoted sales and increased the composer’s royalties and this playing of recordings did not constitute a performance in public, and consequently, was not an infringement of copyright. However, injunctive relief was granted to the plaintiff. It was held that the performances were in public. The audience comprised members of the public present in shops to which the public at large were permitted and encouraged to enter.

\(^{80}\) (2d Cir. 1937), 93. F. ed; 489; cited in Nimmer, Supra, note 24, at 414.
\(^{81}\) [1979] 2AUE.R. 828; cited in Bainbridge, Supra, note 66, at 137.
(c) **Broadcast Right**

The use of the term “broadcasting” varies from country to another. In some cases the term refers to “wireless broadcasting”. Under the UK Act the term refers to wireless broadcasting and cabling\(^{82}\).

Broadcasting right firsts time appeared in the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996. The owner of copyright has the right to broadcast the work, including through the communication and direct broadcasting satellites\(^{83}\).

According to Sterling, broadcasting means radio waves transmission intended for public reception\(^{84}\). The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 defines the word broadcast as meaning ‘the transmission by wireless means of sounds or images or both’\(^ {85}\).

The Berne Convention provides that authors shall enjoy the exclusive right of authorizing the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images\(^{86}\).

TRIPs Agreement provides that broadcasting organizations have the right to prohibit unauthorized fixation, reproduction of fixation and wireless broadcasting of their broadcasts as well as communication to the public of their television\(^{87}\).

Where the places of emission, conveyance and reception are all in the same country, the national law of that country deals with the content and exercise of the broadcasting right. The law of the country of intended emission may provide for a uniform royalty if it is calculated at the same rate within the country. This is in order to prevent a better competition between radio broadcasting companies and television networks.

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\(^{82}\) Sterling, *Supra*, note 20, at 376.
\(^{83}\) s.8 (c).
\(^{84}\) Sterling, *ibid*, at 406
\(^{85}\) s. 3.
\(^{86}\) Art. 11 bis (1) (i).
\(^{87}\) Art 14 (3).
reception must be applied in the disputed case. Thus, in Scott v. Universal Edition\textsuperscript{88}, one of the questions considered was whether the transmission of programs of protected works from Germany to Austrian homes, via satellite, constituted infringement of the author’s right under the Austrian law of April 9, 1936, if not authorized by the Austrian right owner. The Appeal Court, confirming the decision at first instances, took the view that in general the applicable law was that of the country of the intended distribution; consequently, in this case, the Austrian law applied, and permission of the Austrian owner was required. In the case of Radio Monte Carlo and others v. Syndicat National de L’Édition Phonographique (SNEP)\textsuperscript{89}, transmissions from Monte Carlo and Luxembourg were beamed to France and received by the French public. The broadcasts included materials from phonograms in which performers had broadcasting rights, such rights having been transferred to SNEP ‘the relevant period being before the amending law of July 3, 1985 came into force. SNEP claimed payment from the broadcasting stations in respect of the performers’ broadcasting rights, for the case of phonograms. The stations pleaded inter alia that the transmissions took place outside France, in territories where the performers had no broadcasting rights, and that consequently they had no liability to SNEP. The court of first instance and the Court of Appeal rejected this plea. The Court of Appeal held that the place of transmission was of little importance, since, the transmission was received by the public in France and it was from this reception that the damage for which compensation was demanded arose. Furthermore, in the case where the act bringing about responsibility and the place where that act caused damage were not identical, the Brussels Convention on the Jurisdiction and the Enforcement

\textsuperscript{88} OGL Vienna, November 30, 1989; (1990) G.R.U.R.Int. 537; cited in Sterling, Supra, note 20, at 411.

\textsuperscript{89} Ca Paris, December 19, 1989.
of Judgments 1968, permits the plaintiff to take action before the court either in the place of the act causing damage at the origin, or as here in the place where the damage occurred, in this case France. In consequence, the stations had to pay the claimed royalties to SNEP.

Under UK law, the copyright owner has the right to include the work in cable programme service. The basic difference between a broadcast and a cable programme service is that the former is by wireless telecommunication, whereas the latter is by cable. Also, a cable programme service might include a non-interactive online database service.

There are some exceptions to the definition. The important one is the so-called ‘interactivity exception’. This provides that ‘cable programme service does not include a service which it is an essential feature that information may be sent from each place of reception by the receiver for reception either by the provider or other recipient. So, most interactive activities may be excluded by the interactivity exclusion. Thus, in Shetland Times v. Dr Jonathan Wills, The defendant had included headlines from the plaintiff’s website in articles published on the internet. The headlines fell within the meaning of a cable programme service. The court held that the defendant infringed copyright by including cable programmes in a cable programme service. It was further held that a newspaper website which was linked to another website had thereby included items the headline of the article-in a cable-programme service. The Court of Session held that a website involved

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90. s. 7; a cable programme service is a service which exists wholly or mainly in sending images, sounds or other information by means of a telecommunication system, otherwise than by wireless telegraphy, or for presentation to members of the public.

91. Bently, Supra, note 13, at 138.

a ‘sending’ of visual images, sounds or other information by means of a telecommunication system’.

The other exceptional service from cable-programme service is Internet business service. A person would not infringe broadcasting right, if he summarized a broadcast, or described its content.

d. Communication Right

Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996, the copyright owner has the right of communication of the work to the public by wire including cable, optical fiber and other material carriers. The Act defines the expression “communication to the public” as meaning ‘the operation by which sounds or images or both are transmitted by wire or other material carrier for the reception by the public’.

In this definition, the problem is what constitutes the public and in determining the place where the communication takes place. The United States Copyright Act 1976 defines the expression “publicly” as meaning to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintance is gathered; or to transmit or authorize communicate a performance or display of the work, to a place specified by clause, or to the public by any means of any device or process whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

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93. That is the system of electronic communication linking terminals within a single business or location such as intranets; Bently, id, at 138.
94. Bently, Supra, note 13, at 129.
95. s. 8 (d).
96. s. 3.
97. s. 106 (4); this covers wireless broadcasting and cable transmission.
The author’s right related to cabling includes transmission of signal representing the work over wire or other material substances. Cabling is either being originated or retransmission. In case of originated cabling, the person responsible for the transmission initiates the signals reaching the audience. In cable retransmission, the cable distributor takes the signals from another source, for example, a wireless transmission.98

In the United Kingdom, there were doubts as to whether “public performance” embraced wireless broadcasting and cable diffusion. The 1988 Act provides that the right may cover public performance, wireless broadcasting and cabling.99

Communication has three forms: public performance, the performance of the work in the presence of the public, either by live performance, or by the case of the recording. The second form is ‘wireless transmission’ that is, the transmission by radio waves of the signals representing the work; and ‘cabling’, which is the transmission by cable of the signals representing the work, whether by originated cabling or by cable retransmission of a wireless broadcast or another cable.100

e. The Right to Translate

According to the Sudan’s Copyright and Neighbouring Rights Protection Act 1996, the owner of copyright has the right to translate copyright in literary work into other languages.101 This right is limited to written works. Once the owner of copyright gives permission to another person to translate the work, the translation becomes a distinct subject matter of copyright and it is owned by the translator.

98 Sterling, Supra, note 20, at 373.
99 s. 16 (1) (c).
100 Sterling, id, at 373.
101 S.8 (2) (e).
The same right is afforded to authors under the USA Copyright Act, 1976 which provides that ‘the copyright owner has an exclusive right to prepare derivative works based upon the copyright works’\(^\text{102}\).

Accordingly, the copyright owner has an exclusive right to make other versions of copyrighted literary works. Literary work is greatly useful if it allows for the right to translate. The right to copy and the right to translate are interrelated rights, one cannot be granted without the grant of other\(^\text{103}\).

The substantive significance of the right to make other versions appear in the grant of licence for an exclusive right to translate. Thus, the licensee has no right to change the work. If he does so, he will infringe the right to translate. Hence, it is possible to provide for the right to translate in any license\(^\text{104}\).

f. The Right to Make an Adaptation, Arrangement or Transformation of the Work

This right was not specifically mentioned in the Sudanese Copyright Protection Act 1974, but it could be implied from the right ‘to exploit the work financially’\(^\text{105}\). It is expressly provide by the Sudan's Copyright and Neighbouring Rights Act 1996\(^\text{106}\).

An adaptation, arrangement or transformation of the work is a derivative work from the original works. The right of adaptation refers to the author’s right to control transformation of his work into another type of presentation, for example by translation, by changing a novel into a film

\(^{102}\) s. 106 (2).

\(^{103}\) Nimmer, Supra, note 29, at 390

\(^{104}\) id.

\(^{105}\) s.6 (c).

\(^{106}\) s.8(2)(f).
script, or by transcribing a musical work for piano into one for full orchestra, or vice versa\textsuperscript{107}.

The conversion of the copyrighted drama into a novel or other non-dramatic work is also granted to the copyright owner. Judges seem to differ on whether the right to convert a novel is the right to copy. Thus, in \textit{Fitch v. Young}\textsuperscript{108}, one of the judges suggested that since the right to convert a novel is the author’s idea, not the expression of his idea, the novelized version may not necessarily constitute a copy of the work in question.

The USA Copyright Act 1976 grants an exclusive right to the author to adapt or arrange the work\textsuperscript{109}. Although the section so provides, this right is not peculiar to musical works for several reasons: Firstly, the adaptation and arrangement of a literary work, by its nature, is a version of such work protected under its right. Secondly, the adaptation and arrangement is just a copy of a work to be protected under the right to copy. Lastly, since the section requires the consent of the copyright proprietor for the arrangement and adaptation, then by implication, he has an exclusive right to consent to the arrangement and adaptation of the non-musical work\textsuperscript{110}.

Under USA Copyright Act 1976, the right to arrange is restricted to public performance for profit, and for printing, reprinting, publishing, copying and vending. The phonograph records are not subject to the right of arrangement because he lacks a right to copy. But under this section\textsuperscript{111}, the

\begin{footnotesize}
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\item \textsuperscript{107} Sterling, \textit{Supra}, note 20, at 369; also adaptation means to change something, to reduce it in any easy way to be understandable to the general; also WIPO provides that adaptation is the modification of the work from one type of work to another, or modification of a work so as to make it suitable for different conditions of exploitations; cited in WIPO, \textit{Back Ground Reading Materials of Intellectual Property Law}, 215 (1988).
\item \textsuperscript{109} \textsection 106 (3).
\item \textsuperscript{110} Nimmer, \textit{Supra}, note 29, at 394.
\item \textsuperscript{111} In the previous Act, section 1 (e).
\end{itemize}
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phonograph recorder has the right of arrangement made for public performance for profit\textsuperscript{112}.

g. **The Right to Exhibit or Display a Work to the Public**

This right is different from public performance right. Under the Sudan’s Copyright and Neighbouring Right Protection Act 1996, this right is not listed separately but is combined with the right to do any other acts of commercial exploitation\textsuperscript{113}. The expression ‘to display the work’ is not defined in the 1996 Act, but it is defined in the USA Copyright Act 1976 as meaning “to show a copy of it either directly or by means of a film, slide, television images or any other device or process or other audio visual work, to show individual images non sequently”\textsuperscript{114}.

h. **The Right to any other Acts of Commercial Exploitation of the Work by Means Known or Later Developed**

This right is not listed separately in Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 but is combined with the right to exhibit. This provision is intended to keep copyright law abreast with the development in technologies of communication of ideas. This is a source of a law for the court to protect new ways of expressing ideas by copyright. This provision is not found in the Sudanese Copyright Act, 1974. It will cover the needs of the protection by the new technologies\textsuperscript{115}.

\textsuperscript{112} Nimmer, id, at 394.
\textsuperscript{113} s. 8 (2) (g).
\textsuperscript{114} s. 106 (5).
\textsuperscript{115} s. 8 (2) (g).
(ii) **Other Economic Rights**

(a) **Public Lending and Rental rights**

This is recognized by the copyright laws in UK and Germany\(^{116}\) in response to the authors’ claims for compensation of the lost sales caused by libraries loans. In 1979 the first Public Lending Rights was passed in UK, establishing the office of Registrar for Public Lending Right and providing that an author could claim public lending in his publications. According to English Copyright, Designs and Patents Act, 1988 lending means "making a copy of the works available for use, on terms that it will or may be returned otherwise than for direct or indirect economic or commercial advantage through an establishment which is accessible to the public"\(^{117}\). This right is based on the premise that organized borrowing from libraries results in sale loss since borrowers benefit from the book free. It does not cover loans between private individuals but only applies to loans of books from public libraries. It was merely a right to receive remuneration from public funds; the amounts reflect the extent of borrowing from public libraries\(^{118}\). The English Copyright Designs and Patents Act 1988 provides that once the performers assign their rental rights in sound recordings or audio-visual work to a producer\(^{119}\), they will remain entitled to equitable remuneration\(^{120}\).

Public lending right can not be regarded as falling within the right to "any other exploitation of the work by means known or later developed" under

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\(^{116}\) in German, because the distribution right is exercised by collective society it is easy to declare that putting of a book into a library, whether public or private, without any resulting acceptance of an obligation to compensate the author for real or hypothetical borrowing, will constitute infringement.

\(^{117}\) S.18(A)(2)(6)

\(^{118}\) Victoria, the Modern Law of Copyright and Designs, 672(3 rd. 2000).

\(^{119}\) A practice to be expected in the case of films that there is a statutory presumption in its favour; s.18 (A).

\(^{120}\) s.93 (B), (C).
the Sudan's Copyright and Neighboring Rights Protection Act, 1996 since it requires government expenditure and provisions of an administrative structure. Public lending rights need specific legislative authority.

The main features of Public Lending Rights Act, 1979 are that: the fund available for distribution is provided by the government, and a borrower does not contribute to it. The book must be at least 32 pages long. In case of a poem or drama, the author must be a national of Britain or European Union or a resident of Germany. Books written by more than two co-authors are excluded. The author's share from the fund depends on the number of occasions which his book is lent out from the library, except that it should not exceed 6,000 pounds sterling.

The Public Lending Right Scheme 1982, as amended, confers public lending rights upon eligible authors in respect of eligible books, so long as the eligibility of each is recorded upon the Registrar Computer at Stockton-on-Tees. Eligible authors must be individuals and resident within the EEA. They must be alive at the date when the application for registration sought or have died for no more than ten years previously. Eligible books are those which printed and bound are not subject to Crown Copyright. Non-official publications of Her Majesty's Stationary Office are published under the author's copyright rather than Crown Copyright, so that the normal public lending right mechanism may apply.

121. s.8 (2) (h).
122. Tier, supra, note 10, at 341.
123. Report 1999-2000; in 1995 the UK Public Lending Right Office convened an international conference at which International Public Lending Rights Network was established.
124. Phillips, supra, note 1, at 229.
125. 1982 Scheme as amended by s1 2000/933; European Economic Area.
126. art.5 (A) and 6(A).
127. Paper "back counts as "bound".
128. 1982 Scheme, art.6 (2) (c).
Loans by public libraries of works other than books that are eligible for the public lending rights Scheme, are not permitted by virtue of section 40(A(1), but to date the copyright owners have not taken advantages of this opportunity to charge a royalty\(^\text{129}\).

Lending of books means: first printed and bound volumes. Thus, it does not cover records, videos, computer programs, painting, and musical scores. Secondly, it is confined to lending by local library authority. Thus it does not cover lending by other institutions like schools libraries\(^\text{130}\). Thirdly, it is a right to receive payment out of public funds. Thus, it has to be registered. Fourthly, those payments are modest, they average out about 2p per borrowing. Fifthly, the author of the book must be mainly resident in the E. E. A. Thus, it does not cover books written by people whose home is in the third countries\(^\text{131}\).

According to the Rental, Lending and Related Rights Directive, rental is defined as arrangement where, for payment, use is allowed on terms that the copy of the work will, or, may be returned\(^\text{132}\). Rental is broadly defined to cover the temporary provisions of copies for "direct or indirect economic or commercial advantage" but this will be on terms that they will or may be returned. Thus, this definition excludes any electronic provisions\(^\text{133}\) and other classes of works to avoid too many rental right owners who can interfere and cause practical problems for rental industry\(^\text{134}\).

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\(^{129}\) Phillips, id., at 232.

\(^{130}\) There are other exemptions that are: lending of works by educational establishments and the lending of books by public libraries if the book is eligible to fall within the Public Lending Rights scheme.s\(^\text{40}(A)\).

\(^{131}\) For example US, Australia, Canada.

\(^{132}\) Art.1-2; the Directive extends the category of persons entitle to enforce the right, is implemented into United Kingdom by the Copyright and Related Rights Regulations 1996.

\(^{133}\) Electronic rental or lending according to the directive mean a form of exploitation in which a user may download a selected work electronically for individual viewing at home; example is video on demand; Vitória, supra, note 119, at 688.

\(^{134}\) Cornish, supra, note 65, at 429.
As the consequence of Rental and Lending Directive, the Copyright and Related Rights Regulations, 1996 was made amending the Copyright, Designs and Patents Act, 1988. This Act created a rental right but not a lending right in respect of sound recordings, films and computer programs. The Sudan's Copyright and Neighbouring Rights Protection Act, 1996 does not provide for rental rights.

Trips Agreement provides for rental rights limited to certain categories of works. It states that "in respect of at least computer programs and cinematographic works, a member shall provide authors and their successors in title the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. A Member shall be exempted from this obligation in respect of cinematographic works unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer program, this obligation does not apply to rentals where the program itself is not the essential object of the rental." According to WIPO, this Article provides a rule in its first sentence and two exceptions to that rule in the second and third sentence. The first exception is qualified and conditional. Whether a rental right of cinematographic works is to be recognized depends on the factual situation in the country or other Member of the WTO. If the commercial rental has led to widespread unauthorized copying, the rental right must be recognized. According to Gervais, "this materially impairing the exclusive right of reproduction." For a number of reasons, this test will not be easy to apply; and

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135. Lending of objects which are not books are fall within rental right according to the CDPA1988, sch.7.
136. That is, obligation of providing for a right to authorize or prohibit commercial rental.
137. Art.11.
the compromise text may be one of less desirable provisions of the Agreement. One of the purposes of the text is to impose a rental right on many countries, while leaving the United States out". If the commercial rental has not led to widespread unauthorized copying, the rental right needs not to be recognized. The second exception concerns computer programs. The right of rental need not be recognized, when what is rented is something that mainly consists of an object other than a protected computer program and when the presence of computer program is of secondary importance or incidental.

The first sentence of paragraph 4 of Article 14 of the Trips Agreement provides that" the provision of Article11 in respect of computer programs shall apply mutatis mutandis in phonograms and any other rights holders in phonograms, as determined in Member's law". The obligation under Article 11, for members to provide the commercial rental to the public of originals or copies of their works, is applicable _mutatis mutandis_ for phonograms in favour of producer of phonograms .As regards other possible holders in phonograms , such as performers whose performance are fixed in phonograms , the expression "any other right holders ….as determined in a Member's law" indicates that Members are free to extend or not to extend that right to those other right holders. The second sentence of the same paragraph allows an exception providing that" if on 15 April 1994 a Member has enforced a system of equitable remuneration of right holders in respect of the rental of phonograms, it may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction right holder".

The two main problems that may occur in the application of this provisions stem from the text itself and the nature of film distribution concerning text itself. One has to reconcile the phrase "which is materially
impairing the exclusive right of reproduction" with the usual exception to the exclusive right of reproduction contained in the Berne Convention\textsuperscript{140} and whose scope was extended to all rights in Article 13 of the Trips Agreement and which reads "...provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the authors". Since different language was used the test of Article 11 must be different from that of Article 9(2) of the Bern Convention and 13 of the Trips. Thus, in applying Article 11 of the Trips Agreement, a right holder would have to show material impairment in the sense that it affects his control over the diffusion by any means of an audiovisual works; this conclusion must be drawn in the light of the two possible uses of the exclusive rights of reproduction. The right holder or his representative may authorize reproduction in order to distribute copies on carriers or via interactive delivery system. But he may also choose to prohibit copying.\textsuperscript{141} In both cases, if distribution is materially impaired by unauthorized copying of rented carriers, Article 11 applies. The second potential difficulty according to Gervais\textsuperscript{142} is that Article 11 "seems to give wrong basis for the right of rental in respect of audiovisual works. While rental of computer programs should normally be prohibited, rental is a completely normal mode of distribution of films and other audiovisual products; rental is used "positively" that is, to authorize rental. Film distributor usually operates according to chronology of mediator carriers. For example, a film might open in theatres, then be available on videocassettes, pay television (encrypted signal) and finally on freely available television. The chronology is essential as each new form of diffusion greatly reduces the market for previous

\textsuperscript{140} Art.9 (2).
\textsuperscript{141} for example in order to distribute film only on theatre; id. at 86
\textsuperscript{142} Gervais, supra, note 139, at 86.
"upstream" channels, by insisting on the negative aspect of the rental right (the prevention of copying), the Trips Agreement may thus have given the wrong impression on rental of many audiovisual products".

Both rental and lending involve the making of a work available for use on terms that will be returned.\textsuperscript{143} Lending right differs from rental rights in three respects. First, lending is confined to cases where the object is made available not for direct or indirect economic advantage. In contrast, rental occurs where there is such advantage\textsuperscript{144}. Second, lending is confined to cases where the object is made available through establishments accessible to the public. So, lending does not become a rental, concerning loans between establishments accessible to the public, where payment does not go beyond what is necessary to cover the operation costs of the establishments\textsuperscript{145}. Thirdly, as regards "lending" the permitted acts or exception to protection are allowed to be more far-reaching than as regards rental.

There are certain copyrighted works which are excluded from the scope of lending and rental rights. For example, the making available of a copy for public performance, playing or showing in public or inclusion in cable program service. Also, restrictions include other commercial practices such as rental of "jukeboxes", and the rental of sheet music. Rental and lending do not cover situations where a work is made available for the purposes of exhibition in public\textsuperscript{146}. Also, rental and lending rights do not cover situations where a

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  \item \textsuperscript{143} ECDPA ss18 (A) (2).
  \item \textsuperscript{144} It has been suggested that "an organization will indirectly derive commercial advantage through sponsorship", for example with a commercially sponsored library such as Welcome Institute Library and hence be involved in rental, not lending; Bentley, supra, note 13, at 132; Vitoria, supra note 119, at 695.
  \item \textsuperscript{145} English Copyright, Design and Patents Act 1988, s.18 (A) (5); Bentley, supra, note 13, at 133
  \item \textsuperscript{146} The owner of a painting can lend the work to a gallery for public display without the permission from the copyright owner.
\end{itemize}
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work is made available for on-the-spot reference. Thus, in *Griffith*\(^{147}\), it has been suggested that "this will exempt situations where magazines are made available in waiting rooms". Lastly, lending does not cover the making available of a work between establishments that are accessible to the public. This means that "inter library loans" are permissible\(^{148}\).

The Term "work made for hire" differs from rent. Under the English Copyright, Patents and Designs Act, 1988 this statutory term was not defined and courts had adopted a "teacher exemption" whereby academic writing was presumed not to be work made for hire\(^ {149}\). Thus, in *Weinstein v. University of Illinois*\(^ {150}\), a written University policy purported to claim copyright ownership of works created pursuant to a University "requirement or duty". The court held that the academic writing and issue was not produced under the kind of compulsion implicit in a work for hire employment relationship. Also in *Community for Creative Non-violence v. Reid*\(^ {151}\), an artist and an organization that hired him to produce sculpture contested the ownership of copyright in that work. The Supreme Court held that Reid was not employee of CCNV but an independent contractor.

**(b) The Right to Mortgage**

The copyright owner has a right to mortgage copyrightable works of performer's property right or database right by way of assignment with a proviso for reconveyance on payment of loan\(^ {152}\). A charge is an alternative to mortgage. It does not pass the legal estate but merely gives the charger certain rights over the rights as security for the loan. If the mortgagor is a company,

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\(^{147}\) (1997) EIPR 499,500; cited in Bently, id, at133.

\(^{148}\) ECDPA1988, s. 36 (A).

\(^{149}\) Gorman, Copyright for the Ninth, 268 (1993).

\(^{150}\) 811 f2d1091 (7th Cir (1978); cited in id.


\(^{152}\) Mortgage of Intellectual Property in the UK [1992] EIPR185; Vitoria, supra, note119, at901.
any charge on a copyright or a licence under a copyright is void against the liquidator or a creditor of the company unless registered with the Registrar of company within twenty one days of its creation.

According to Vitoria Where the mortgage is made by deed, the mortgagee has power, once the contractual date for payment has passed, to sell the mortgage right either in whole or in part or to appoint a receiver of any income due under the right. These powers may not be exercised until a demand has been made for mortgage money and default has been made for the mortgage money in whole or in part for three months after the demand or there is at least two months interest in arrears or the mortgagor is in breach of any of his obligations under the mortgage deed.

On exercising the power of sale, the mortgagee can assign the right free of the mortgagor's equity of redemption, the mortgagee must not act negligently in the conduct of the sale and is probably under a duty to obtain the full price for the right. In particular, he must not ignore advantageous transactions brought to his attention by the mortgagor. It is likely that a sale of the right in turn for amount outstanding on the loan merely transfers the mortgage subject to the right of redemption and does not transfer the right itself to the purchaser. Any amount received in exercise of the loan is held on trust by the mortgagee for subsequent mortgagees of whom he has notice and ultimately for the mortgagor.

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153. Whether a UK or a foreign copyright.
155. Vitoria, supra, note 119, at 901.
156. ss.10 3and 109, Law of Property Act 1925.
157. see Re Jude Musical Composition, [1907] 1ch.65.
3- Duration of protected Rights

The grant of copyright protection to author during his life is designed to encourage national production and to motivate the author for enrichment of this period.\textsuperscript{158} Some prefer short periods in the interest of literature; others prefer perpetuallity in the light of the fact that copyright is a form of property\textsuperscript{159}.

In determining the duration of protection, two factors are relevant; the first factor is that small protection of copyright works have commercial and cultural value after fifteen or twenty years of their creation. The second is that modern technology allows the copyright owner to recoup his investment within a short period of time.\textsuperscript{160}

The grant of shorter term in case of cinematographic works is due to the industrial element of production which is different from literary ability. For longer term, it is argued that it enables the author to earn a living for his family. It benefits publishers in remaining in business to balance the successful ventures. Moreover, the longer duration cannot harm users of copyright materials. It is designed to offer the author a fair compensation for the time and money spent. It enables recognition of serious works of literature and recoupment for publishers.\textsuperscript{161}

For shorter term of copyright, many arguments are made: Firstly, shorter terms benefit the public in achieving work promptly and at a reasonable cost. Secondly, it is unreasonable to give copyright to unknown persons after author's death. Thirdly, a shorter term enables the identification of a copyright proprietor. Fourthly, the demand for copyrighted work is short-

\textsuperscript{158} Unesco, supra, note 35, at 49.  
\textsuperscript{159} Copinger and Skone James, Copyright, 125 (1971).  
\textsuperscript{161} Copyright Bulletin, No. 3 (1939) 23-24.
lived; hence, the production of new work is not affected by the grant of short terms. Fifthly, longer terms defeat the public interest policy, such as the use of literary work for educational purposes.\textsuperscript{162} Lastly, the creation of works is often a derivative process, so that later works feed from earlier works; therefore over protection will potentially act as a disincentive rather than stimulus to the protection of the work.\textsuperscript{163}

Two schools have argued on copyright perpetuality: One lessens the period of protection relying on public interest, while the other school favors copyright perpetuality. The position in this respect differs from one country to another.\textsuperscript{164} A period fixed to author's life gives author incentive to create and keep all the author's works co-extensive.

(i) \textbf{Position in Sudan}

Under the Sudan’s Copyright and Neighboring Rights Protection Act, 1996 copyright ownership is not protected indefinitely, but for a limited period of time. The terms of copyright may be one of three types.\textsuperscript{165} The first type is for the life of the author in case of moral rights.\textsuperscript{166} This rule is not found in any other country in the world, and it is not found in the Sudanese Copyright Protection Act, 1974.

Under the law of 1974 moral rights were protected for the same period as economic rights, namely the life of the author and 25 years after his death. The second type is for the economic rights, normally for the life of the author plus fifty years after his death.\textsuperscript{167} The rule under the 1974 Act is the life of the author plus 25 years after his death. The period is doubled in 1996 Act. In the

\textsuperscript{162} Id., at 24-26.
\textsuperscript{163} Colston, id., at 208.
\textsuperscript{164} Copyright Bulletin, supra., note 162, at 24-26.
\textsuperscript{165} S. 13.
\textsuperscript{166} S.13 (1)
\textsuperscript{167} S. 13 (2)
case of joint authors, the period runs from the date of the death of the last surviving author. The purpose of these provisions in the law is to enable the author's heirs to reap the economic benefits after the author's death. The third type is 25 years from the date of the publication in case of photographic pictures and cinematographic films and other audiovisual works, and works made by corporate bodies, posthumous works i.e. published for the first time after the death of the author; where the work consists of several parts or volumes, so that each part or volume shall be published separately or at different dates each of such part or volume shall be considered to be an independent work for the purpose of calculating the term of protection; anonymous and pseudonymous works. Such period shall commence from the date of the first publication of the work regardless of any republication, unless substantial alterations have been made by the author to his work so that it may be considered as a new work.

(ii) **Position in Other Systems of Laws**

Under the Berne Convention for the Protection of Literary and Artistic Works, 1886, the term of protection is the life of the author and 50 years after his death or, in case of joint authors, from the death of the last surviving author.

For a cinematographic work, the term is 50 years after the work had been made available to the public or, if not made available, then 50 years after the making of such work. In case of anonymous and pseudonymous works, the term of protection is 50 years after the making of such work.

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168. S. 13 (4).
169. S. 13 (3) a, b, c.
The USA Copyright Act, 1976 adopted the provision of the Universal Copyright Convention of 1952. Accordingly the term of protection of published work is 25 years from the first publication.170

The provision of the British Copyright, Designs and Patents Act 1988, recently amended by the Duration of Copyright and Right in Performances Regulations 1995 the minimum term was extended to the life of the author plus 70 years.171

Under the Trips Agreement, whenever the term of protection of a work other than a photographic work or work of applied arts is calculated on basis other than the life of a natural person, such term shall be no less than 50 years from the end of the calendar year of authorized publication. Or failing such authorized publication within 50 years from the end of the calendar year of making.172

Under the Trips Agreement, the term of protection available to the neighboring rights like performers and producers of phonograms shall last at least until the end of a period of 50 years computed from the end of the calendar year in which the fixation was made or the performance took place.173 The term of protection of broadcasting right shall last for at least 20 years from the end of the calendar year in which the broadcast took place.174

To sum up, the term applicable under both Sudan’s Copyright and Neighboring Rights Protection Act, 1996 and other systems of laws depend upon the nature of the protected work and occurrence of certain specified events such as publication. Moreover, all systems of laws including The Trips Agreement favour a longer term of protection.

170. s.304.
171. s.12(1).
172. 308. Art. 12
173. Art. 14 (5)
174. Art. 14 (5)
4- **Limitations on the Rights Protected**

After publication of a work, limitations on the exclusive rights of the author are revealed. The necessity to reconcile between the public interest in access to science and arts and the rights of the author necessitate these limitations.

These limitations are applied in the law of Roman Legal Traditions as well as of Anglo-Saxon Tradition. The users of these limitations are subject to certain conditions by court. These are the amount and importance of the used portion in relation to the entire work, the purpose and character of the use on the potential market or value of the copyrighted works.\(^{175}\)

The owner of the copyright can prevent other persons from exercising his rights without his permission. But there are exceptional situations of free use which means no permission from the owner and no payment to him. The exclusive right of authorizing reproduction of works was first recognized in Stockholm Act of the Berne Convention.\(^{176}\) This Act introduced the "three steps" tests, which are three conditions that must be fulfilled in the introduction of any limitation or exception to the reproduction right. The first condition is that the limitation or exception can only apply in special cases.\(^{177}\) The second condition is that the limitation or exception must not conflict with a normal exploitation of the work.\(^{178}\) The third condition is that this limitation or exception must not unreasonably prejudice the legitimate interest of the

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\(^{175}\) Unesco, *supra*, note 35, at 35-36

\(^{176}\) Art. 9(1)

\(^{177}\) by certain special cases is meant limitations and exceptions to the reproduction right like a limitation which provides that the reproduction of any work may take place for any purpose connected with education would not be permissible.

\(^{178}\) This covers the unauthorized making of reproduction in spheres usually exercised by the right owner's interest.
This prejudice reaches an unreasonable level if an exception causes or has the potential to cause an unreasonable loss of income to the right owner.

Trips Agreement provides that "members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rights holder". Thus, Trips Agreement adopts the terminology of Article 9(2) of the Berne Convention. WTO members must comply with the substantive provisions of the Berne Convention. Therefore, WTO members would only have to apply the "three steps" test concerning any limitations which they introduced or maintained as applying to the reproduction right. This must be applied whether or not the WTO member was a member state of the Berne Union.

The old Sudanese Copyright Protection Act, 1974 had five exceptions, and the new Copyright and Neighbouring Rights Protection Act, 1996 has ten exceptions. This is one of the areas in which the two Acts differ. Three only of the exceptions identified in 1974 Act are embodied in the 1996 Act; the other two are removed. So the new exceptions in 1996 Act are seven. Many of these limitations can be justified under TRIPS Agreement. These limitations are:

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179 This covers restrictions which would prevent the author from participating in the economic benefits following from the use of the work.
180 Art. 13
181 Art. 9 (1) except the moral rights provisions
182 Sterling, supra, note 20, at 440.
183 S. 9.
184 S. 14.
(i) The Media

Both the old and the new Sudanese Acts give exceptions to the media\textsuperscript{185}. The restrictions have been accepted to encourage the public circulation of information and news. It has been justified for the public interest on public issues and official and famous persons: non-economic purpose means not using them for money, like educational uses and proportionality test which means not taking the whole work but only a small portion of the work as in summary or quotation.

The Media, newspapers, magazines, periodicals, radio and television may publish a quotation, summary or brief announcements from the work for the purposes of analysis, study, culture or information\textsuperscript{186}. They may reproduce essays or lectures or speeches concerning political, economic, scientific, religious or social discussions which were the focus of public opinion at the time such discussions took place. Moreover, they may publish or convey any photographs of public events and official and famous characters, provided the title of the work and the name of the author are acknowledged\textsuperscript{187}. The Act does not mention the legal consequences for a reproduction which omits to give a source.

Under USA Copyright Act, 1976 copying for news may be a fair use\textsuperscript{188}. In Harper & Row, Publishers, Inc v. Nation Enterprises, Inc.\textsuperscript{189}, the Supreme Court held that the political magazine the Nation violated Harper & Row's copyright when the Nation printed 300 to 400 words from President Ford's not yet published memoirs, A Time to HEAL. After the Nation published its

\textsuperscript{185} Tier supra, note 48.
\textsuperscript{186} This right is quite extensive in scope to permit the media to make whatever reproduction they please.
\textsuperscript{187} S. 14.
\textsuperscript{188} S. 110.
article, *Time* cancelled an agreement with Harper & Row to publish excerpts from the book just before the hardbound edition went on sale. The *Nation's* purpose was not considered to be a fair dealing. Its purpose was not simply to report news, but to beat Harper & Row and *Time* to the marketplace.

(ii) **Official Musical Bands**

Under Sudan's Copyright and Neighbouring Rights Protection Act, 1996, musical bands belonging to the army, police, local government councils and school theatres may play, act, perform or exhibit any published work. The bands should not, however, impose any charge. This restriction can only be exercised after publication of the music.190 By their nature the right to perform and the right to exhibit cover many types of works.

The justification for this exception appeared to be the official character of these musical bands; non-commercial use and the educational purposes of the school theatres.191 Both the old and the new Sudanese Copyright Acts provide for this exception.

(iii) **School Text Books and other Books**

The Old and the new Sudanese Acts are the same as concern the educational books, as well as books of history, literature or art. It is permissible to copy short quotations from works already published. The title of the work and the name of the author must be acknowledged unless the work is anonymous. Also, a drawing, photograph, design, inscription or map, may be reproduced and the reproduction must be restricted to what is necessary for illustration. Moreover, the title of the work and the name of the author, if any, must be acknowledged.192

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190. S. 14 (2).
191. Tier, *Supra*, note 10 at 177
192. S. 14 (3)
According to Tier\textsuperscript{193} "copying short quotations rules out not only copying the entire work but also the use of modern means of reproducing work, such as photocopying either by individual teacher or by libraries. A court must assess the portion of a quotation in relation to the protected work. What is not clear is the use of the word "book". It implies, wrongly, that "the article in a periodical which makes extracts from published works is not protected".

The length of the excerpts is a matter of controversy among different laws. Some laws do not stipulate the length of excerpts, requiring the use of the work after prescribed period from the date of publication of the work, provided that the use is for brief passages. While some laws strictly require the length, for example, at not more than 1000 words of literary work.\textsuperscript{194} The justifications of this exception are based on educational and non-commercial purposes: short quotation is necessary for illustration for studying.

(iv) \textbf{Personal and Private Use}

This exception is a new one, not to be found under the Sudanese Copyright Protection Act, 1974. An individual has the right to reproduce, translate or adapt a published work for personal and private use. This exception does not extend to computer programs, data banks and scores of musical works.\textsuperscript{195}

The justification for allowing the free use in the personal and private use is that there is no way to find out this personal use and to execute the law in personal use is not easy thing to do.\textsuperscript{196}

\textsuperscript{193} Tier, supra., note 10, at 177
\textsuperscript{194} Unesco, Supra., note 35, at 38-39.
\textsuperscript{195} S. 14 (4).
\textsuperscript{196} S. 14 (5).
(v) Libraries and Archives Services

Public libraries and archives services have the right to reproduce a published work for their internal purposes. For example, restoration of damaged copies or replacement of the lost copies or of manuscripts. The same right applies for inter library or inter archives exchange\(^{(197)}\).

Under English Copyright, Design and Patents Act 1988, a librarian or archivist may make a copy only if the person requesting the copy makes a signed declaration in the prescribed form\(^{(198)}\).

(vi) Educational Institutions

Educational institutions have two rights. The first is the right to reproduce short works, articles or short parts of published work. The second right is the right to incorporate them in school broadcasts or sound recordings for the non-commercial purpose of illustrations in the teaching process\(^{(199)}\).

The English Copyright, Designs and Patents Act 1988 provides for anthologies which permits the inclusion of a short passage from a published literary or dramatic work in a collection provided that the collection is intended for use in educational establishment and consist mainly of material in which no copyright subsists\(^{(200)}\). Such material would include works in which copyright has expired.\(^{(201)}\)

Under USA Act 1976, certain educational uses are exempted from copyright protection\(^{(202)}\). Thus, in Basic Books Inc. v. Kink's Graphics Corp.\(^{(203)}\), the defendants without authorization of the plaintiff, made photocopies of

\(^{(197)}\) S. 14 (6).
\(^{(198)}\) SS. 38-43.
\(^{(199)}\) S. 14(6).
\(^{(200)}\) S. 33
\(^{(201)}\) S. Bainbridge, supra, note 66, at 177.
\(^{(202)}\) S. 110
extracts from books in which the plaintiff owned the copyright, and bound into "course packs" which they sold to the students. The extracts were from works recommended by the course professors for course reading material. The court held that this was not fair use. This was multiple copying by a commercial enterprise, and did not "transform" the plaintiff's works in nature. That is, it did not interpret them or add any value to them. While the plaintiffs' works were factual in nature, that is a facture in favour of the defendant, the portions copied were substantial, and were also qualitatively significant. The copying unfavorably impacted on the plaintiff's sales of their books and collection of permission fees. The defendant created a new national wide business allied to the publishing industry, by usurping the plaintiff's copyrights and profits.

In USA, although the statute joins the term non-profit and educational uses, it is not clear that an educational fair use also must be non-profit. In Encyclopedia Britannica Educational Corp. v. Crooks, the conjunction of educational and non-profit purposes was insufficient to establish the fair use defence even though the defendant was an exclusively educational governmental corporation and duplicating of educational materials was intended merely to provide under privileged citizens with educational assistance. The defence was rejected because the copying was total and because the only market for the educational copyright work was precisely the context in which the copying was done, i.e. education.

However in Williams & Wilkins v. United States the court held that the educational purposes of defendant's activities, massive copying and distributing of medical journals, coupled with its completely non-profit

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204. Miller, supra, note 12, at 359.
205. (1978), cited in Miller, id, at 359.
206. (1973), cited in Miller, id, at 360.
character was enough to outweigh the interest of the copyright holder and establish a fair use defense.

(vii) Private Commercial Research Institutions

These institutions have the right to reproduce scientific articles, short scientific works or short parts thereof exclusively for internal purposes to satisfy the requirements of persons studying or making research work207. The rationale for this exception is that it is not realistic to expect the student to purchase a book when he wants to refer to only small part of it208. Also, according to Bently209 research and study are necessary to generate new works. It is also recognized that research and study do not normally interfere with the incentive and rewards that copyright provides to creators and owners. In effect, the defence helps to fulfill copyright's good of maximizing the production of works. The defence also takes account of the fact that dealing of this kind would often be difficult to detect.

The English Copyright, Designs and Patents Act 1988 provides that fair dealing with, for instance, a musical, literary, dramatic and artistic work for the purpose of research or private study does not infringe any copyright in the work210.

But this provision is restrictive in that the user must show not only that there is a fair dealing, but also that the use is for the research or private study. There is no need that a research or private study be a non-profit activity.211

The UK Act restricts the making of copies to cases where there are no multiple copies being made or supplied to more than one person at a similar time for purposes that are substantially the same.212

207. S. 14 (7) Sudan Copyright and Neighbouring Rights Act 1996.
208. Bainbridge, supra, note 66 at 174
209 Bently, supra, note 13, at 199
210. S. 29(1).
211. Bainbridge, id, at 174.
In Sillitos v. McGraw Hill Book Co. (UK) Ltd, the defendant had published "study notes" intended to assist students taking GCE 'O' level examinations in literature and had reproduced a substantial part of the plaintiff's work in the study notes. The defendant contended, inter alia, that the study notes fall within the fair dealing provisions that is a fair dealing for the purposes of research or private study. This submission failed to find favour, as the defendant was not engaged in research or private study, but was merely facilitating this for others, that are the students purchasing copies of "study notes".

The English case law tried to interpret fair dealing, for example in Beloff v. Pressdram Ltd, which concerned a critical book about scientology written and published by the defendant. This book included extracts from the plaintiff's books, bulletins and letters about scientology. It was found by the Court of Appeal that, even though a substantial part taken was shown, this could amount to 'fair dealing'. Fair dealing is a question of fact and impression. The court held that relevant factors to be considered could include the number and extend of the extracts and the case made of extracts. If the extracts are used as the basis for comment, review and criticism, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, that may be unfair.

The study or research must be user's own. Thus producing works for students and researchers does not fall within these exceptions. Also, in a Canadian case, the question of fair dealing for private study or research was

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212. S 29 (3)
214. [1973] RPC 765
extensively examined with analysis of Canadian, English and other cases. In C.C. H Canadian Ltd. and Ors v. Law Society of Upper Canada one of the complaints made concerned the placing by a library of photocopying facilities for use of students. The judge suggested that the following factors are usually among the non-exhaustive considerations which are relevant in this connection: First, the purpose of the dealing; second, the nature of the dealing; third, the amount of the dealing; fourth, alternative to the dealing; fifth, the nature of the work in question, and sixthly, the effect of that dealing in that work. It was held that the placing by the library authority of photocopies for use by students amounted, in the circumstance of the case, to authorization of infringement of copyright in the literary, since the library authority impliedly sanctioned, approved or countenanced its patrons to reproduce the materials in the library.

(viii) Judicial Proceedings

Under Sudan's Copyright and Neighbouring Rights Protection Act, 1996, it is permissible to reproduce a published work for the purposes of judicial proceedings to the extent justified by this purpose.

(ix) Broadcasting Organizations

The Sudan’s Copyright and Neighbouring Rights Protection Act 1996, defines broadcasting organization as meaning 'the legal entity which takes the initiative, organizes, finances and affects the act of broadcasting'.

This organization has the right to make with the aid of its equipment ephemeral recordings of works for its broadcasting purposes. This recording

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216. Federal Court of Appeal, may 14, 2004; cited in Sterling, supra, note 20, at 451
217. s. 14 (8)
218. S.3
must be destroyed within six months after making but a copy may be kept for official archives\textsuperscript{219}.

This exception for broadcasting organization appears in countries such as USA where the changes in the time zone is clear, as the show may be in different times, as one area is in the east of the country and another in the west of the country\textsuperscript{220}.

(x) **Persons who acquire computer Programs and Data Bank**

A person, who legally acquires a copy of a computer program of an electronic bank, has the right to adopt it for the purposes for which such work is acquired and to make back-up copies\textsuperscript{221}, for the purposes of safeguarding the acquired originals\textsuperscript{222}.

The UK Copyright Computer Programs Regulations 1992 provides for some specific exceptions to copyright infringement concerning computer programs and databases\textsuperscript{223}. These exceptions indicate that a lawful user is able to make a back up copy to decompile a program for certain purposes, and to adopt or copy the program where necessary for lawful use of the program\textsuperscript{224}.

The American Copyright Act 1976 provides that it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided that such a new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is in no other manner\textsuperscript{225}.

\begin{flushright}
\textsuperscript{219} S 14 (9).
\textsuperscript{220} Tier, supra, note 44
\textsuperscript{221} Back-up copies mean alternatives or duplicate, something substantive for the original.
\textsuperscript{222} Sudan's Copyright and Neighbouring Rights Protection Act,1966 s. 14 (9).
\textsuperscript{223} S. 81 (2)
\textsuperscript{224} Bently, supra, note 13, at 218
\textsuperscript{225} S. 117 (1).
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Reverse engineering of a copyrighted computer program is allowed under certain circumstances that are to discern and understand the unprotected functional elements of the program. In Sega Enterprises v. Accolade, the question was whether the US Copyright Act permits, without the copyright owner's consent the dissemble of a copyright computer program to gain an understanding of the protected functional elements of the program. The case concerned the "reverse engineering" of the plaintiff's video game programs, to make program compatible with the plaintiff's Genesis Consoles. The court found that the defendant's identification of the functional requirement for Genesis console compatibility had led to an increase in the number of independently designed video games offered for use with the Genesis console; and that it is "precisely this growth in creative expression based on the dissemination of other creative works and unprotected ideas contained in those works that the Copyright Act was intended to promote". The court concluded that in the light of public policies underlying the Act, "when the person seeking the understanding has legitimate reason for doing so and when no other means of access to the unprotected elements exists, such disassembly is as a matter of law a fair use of the copyright work”.

(5) Conclusion

This chapter discussed in depth the concept of copyright and related rights and the nature of each one of them with the necessary reference to international conventions and treaties and the relevant legal systems whether that be the Sudan’s Copyright and Neighbouring Rights Protection Act 1996, the English Copyright Act of 1988 or the American Act of 1976, in addition to

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226 37 F. 3d 913; (2nd cir. 1994); cited in Sterling, supra, note 20, at 456
the views spelled out by the learned scholars on this subject and the relevant cases.

The discussion included the nature of copyright, rights comprised in copyright, the duration of copyrights, limitation on the rights protected and the elaborations of these elements in the different legal systems mentioned above.

The basic idea of economic rights relative to the copyright concept is discussed in detail with the basic references and rationale behind each one of them without skipping the fact that the Trips Agreement excluded intentionally the inclusion of the moral rights as mentioned in section 6 bis of the Berne Convention under the pretext that the moral rights are not part of trade.

The similarities and differences between the Sudanese law and other legal Systems were highlighted and the deficiencies in the Sudanese Copyright Act were brought to light through comparison and contrast.

Related rights which are the rights of the performers, the phonogram producers and the broadcast organizations are discussed within the same methodology of comparison between the international law and the relevant legal systems taken as references in this chapter. The right of performance in public and the differential questions posed by the term received the necessary attention to elucidate the nature of the conflict which may arise due to the different interpretations given by each legal system. The same is said of the phonogram production and the right of exhaustion which was elaborated in its national, regional and international parameters. Finally, the rights of broadcast organization were discussed with reference to the international agreements and national copyright and related rights laws of the Sudan, UK and USA.
Chapter 4

Patents

This chapter discusses the nature of a patent, its rights, duration and limitations on the rights protected and elaborations of these elements. Reference will be made to the Sudanese Patents Act 1971, English and American laws together with the provisions of Trips Agreement.

1. Nature of patent

Patent law deals with invention, one of the components of industrial property. The non-official definition of invention is that it is a new solution to a technical problem.¹

Most laws dealing with the protection of inventions do not define the notion of the invention. However, in the WIPO Model Law for Developing Countries on Inventions 1979, there is the following definition: "Invention means an idea of an inventor which permits in practice the solution to a specific problem in the field of technology"². The Japanese law is one of the rare laws that contains a definition of invention; it says, "an invention is a highly advanced creation of technical ideas by which the laws of nature are utilized".³

Writers declare that patent is a document or certificate granted by the state in return for the disclosure of technical information giving the patents owner exclusive right to control the way his patented invention is exploited for a limited period of time⁴.

2. Id.
3. Id, at 26.
According to Hart⁵ a patent is a monopoly granted to the owner by the state in return for disclosing information about the invention⁶. Patents are granted in return for disclosing information about technological advance. The monopoly is also justified as it allows the owner to recoup the investment in research and development before others can enter the market.

In Sudan, patents law appeared for the first time in Patents Act, 1971. This Act does not provide a definition for an invention but states that an invention must be capable of industrial application⁶.

Three systems are available for protection of inventions: The first is patent for invention. Patent for invention refers to inventions which are specifically protected by patents. Although every country gives its legal protection to invention through patents for invention, few countries give protection by means other than patents, namely utility models and inventor's certificate⁷.

In some European languages a patent is used in two senses: the first sense of the word is that it is a document that is "patent" or "letter patent". It means a document issued by government authority in response to a request by a person making what he thinks is an invention, or by an entity employing such person. This document is called a "patent for invention". It is important to distinguish between inventions that consist of products and inventions that consist of process. In principle, an invention which can be manufactured is a product, such as a machine or other physical entity, and that which can be used in industry is a process, that is the ways or means of doing something for example making a drug in laboratory⁸.

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⁶ S. 3.
⁷ WIPO, supra, note 1, at 9-10.
⁸ Id.
The content of the protection that a patent confers is the second sense of the word "patent". It means the exclusive right of the patent owner to exploit the invention or to authorize others to exploit it. The word protection implies that the owner of a patent or patentee is protected against unauthorized exploitation. However, there are exceptions to this rule, for example, exploitation on the basis of a compulsory license. Most countries protect inventions under the patents system. Sudan adopts this system by giving a document of patent.

Two other means for protecting an invention are utility models and inventor's certificate. The concept of utility model is well known in China, Germany and Japan. But in the United States and the United Kingdom, industrial property laws do not include the concept of utility models. A utility model is invention in the mechanical field whose objects are devices or other useful objects, for less quality and duration than those protected by patents.

There are two differences between utility models and patents for inventions. The first is the technological process which is more required in the case of a patent than in the case of a utility model. The second difference is that the duration of protection for utility model is much shorter than what is given for patent for invention. The document that a person receives in the case of utility model is called "a patent for utility model". The rights under the utility model are similar to those under patent. Under utility models all that the law requires is registration of description with the drawing, if any, or filing the utility model itself or both.

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9. id.
10. WIPO, supra, note 1, at 9-10.
11. Id.
An "inventor's certificate" is the second means for the protection of invention. It is known in many countries such as the Democratic Republic of Korea. The same requirements of patentability for a patent of invention are also required in case of inventor's certificate. The difference between the two lies in the exploitation of the invention which is exercised by the patentee in the case of patent for invention, while it is exercised by the state in the case of an inventor's certificate. In the system of inventor's certificates, the enterprise whose worker made the invention cannot derive remuneration from another enterprise which uses its invention. This system is used in Algeria, North Korea and Bulgaria.\footnote{12}

To obtain legal protection for the invention certain requirements must be fulfilled: First, the invention must be new or novel. This means that it has not been disclosed to the public in writing or orally or by use, including official and international recognized exhibition, anywhere and at any time, provided a patent for the exhibited invention is filed within six months from the date of exhibition. Secondly, an invention must involve an inventive step. This means it has technical and economic advance in industry over what is known or used. Thirdly, it must be capable of industrial application. This means it can be manufactured or used in any industry or agriculture. No legal obligation is imposed on the patent office to satisfy itself that requirements are fulfilled before granting a patent. The grant and the real examination for validity are done by the courts.

The TRIPS Agreement does not provide a definition for invention to allow Members countries to decide what they consider to be a patentable invention, and whether computer programs are included hereunder or not. It states "patents shall be available for any invention, whether products or

\footnote{12}{id}
process in all fields of technology, provided that they are new, involve inventive step and are capable of industrial application. Patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced\(^\text{13}\). Members are free to interpret the term "non-obvious" and useful "as being synonymous with the terms "inventive step" and capable of industrial application". The concept of novelty can be demonstrated by comparing the concept of absolute novelty in European law with the concept of novelty anchored in US patents law. US patent law recognizes one year so called grace period of novelty and defines the states of the art in a manner according to which, patent application claiming foreign priority do not belong to the state of the art until after the date of subsequent application in the US\(^\text{14}\). The previously existing additional patenting requirement or the advance in the art may not be demanded within the context of the patenting requirements of inventive step.

Trips Agreement permits members to require the applicant "to indicate the best mode for carrying out the invention known to the inventor at the filing date or …at the priority date of the application"\(^\text{15}\). Pursuant to Article 2(1) of the Trips Agreement, the members are obliged to comply with Article 1 to 12 and Article 19 of the Paris Convention\(^\text{16}\).

According to Article 27(1) Trips Agreement, patents are available without discrimination as to the place of the invention. So, foreign applicants are now placed on a particularly equal footing with national applicants.

\(^\text{13}\) Art. 27.
\(^\text{14}\) Friedrich, IIC Studies in Industrial Property and Copyright law: From Gat to Trips, and International patent, copyright and Competition law, Vol – 18,196 (1996)
\(^\text{15}\) art.29 (1); the second half sentence.
\(^\text{16}\) Article 29(2) of the Trips Agreement by no means questions the principle of interdependent of patent pursuant to Article 4 bis Paris Convention.
Accordingly, the first to invent principle anchored in US patent law will be applicable in interference proceeding between foreign applicants claiming foreign priority\textsuperscript{17}.

In fields of public health the Sudanese Patents Act, 1971 provides a framework for the accommodation of the financial interest of owners and the legitimate demand of the community that patents owners should not abuse their rights. In discussing this accommodation, reference must first be made to the subject matter of patents. The patents Act 1971 does not particularize the subject matter of patents but deals with it generally. First, it provides for the patenting of an invention or an improvement upon patented invention which \textit{inter alia} is capable of industrial application\textsuperscript{18}. Second and negatively, scientific principles and discoveries are not patentable because patent law does not protect an abstract idea but the application of the idea. The Trips Agreement does not and should not prevent Members from taking measures to protect public health and, in particular, "to promote access to medicines for all".

There is a view that the discoverer of a scientific idea and the inventor who puts the idea into practice has equal contribution to the enrichment of human knowledge. However, this view is not common. Internationally, only the convention establishing the World Intellectual Property Organization (WIPO) regards scientific discovery as the invention\textsuperscript{19}. The discoverer had a right to claim royalties from those who worked or applied his idea commercially provided that the authorship of the discovery was proved by sufficient publication.

\textsuperscript{17} Friedrich, \textit{supra}, note 14, at 191.
\textsuperscript{18} This is statutorily defined in section 6 as meaning that the invention or its improvement "can be manufacture or used in any kind of industry, including agriculture".
\textsuperscript{19} Domestically, the former Soviet Union and Czechoslovakia in 1957 and 1959 respectively gave protection to scientific discoveries.
Advocates for strong international patents rights for new medicines support a global policy of banning parallel import, arguing that if such trade were widely allowed it would reduce profits in the research and intensive pharmaceutical sector and ultimately slow down innovation of new drugs\textsuperscript{20}.

There is a conflict between two desirable aims that is protection of intellectual property rights, admittedly necessary for the economic growth and the state obligation to provide for the public health, which is necessary for personal development and survival as well as economic development. There is no express exclusion of a particular field of technology under the Sudanese Patents Act, 1971. Patents can be obtained for pharmaceutical products. So the Sudanese Patents Act, 1971 is very generous to inventors compared with other national patents laws in developing and least developed countries\textsuperscript{21}.

Before Trips a vast majority of developing countries protected processes but not products. This enabled countries, such as Argentina, China, Korea and Mexico, to develop a strong national pharmaceutical industry and to compete with the drug multinationals in the North\textsuperscript{22}. More than fifty of all Paris Convention contracting states did not grant patent protection to pharmaceutical products. Other simple prohibition of exploitation will not suffice as to the basis for the exclusion from patentability of certain inventions. This means that if the patent office or the judicial bodies of a Member state were to refuse patent protection to invention on the ground that commercial exploitation thereof would

\textsuperscript{20} Maskus, Parallel Imports In Pharmaceutical Products For Competition and Prices in Developing Countries, 2(2001)

\textsuperscript{21} Tier, Patent and Public Health, With Particular Reference to the Sudan, SLJR 204(2002).

\textsuperscript{22} Drahos, Global Intellectual Property Rights, 97(2002)
damage, although marketing of the invention was permitted in that country, this would necessarily amount to a breach of Article 27(2) of the Trips Agreement which requires Member States to exclude from patentability "the prevention within their territory of the commercial exploitation of which is necessary to protect public order or morality, including protection of human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by domestic law".

Number of states had suggested in their national legal systems the permission of the exclusion of the following subject matter from patentability: scientific principles, method for business activities, algorithm or mathematical formula as such, even if they are integrated in computer programs; discoveries, scientific theories, aesthetic designs, maps, rules or process for mental activities, for games or for business activities and preservation of information.

Members when requiring as condition of approving the marketing of pharmaceutical or agricultural chemical product which utilize new chemical entities, the submission of undisclosed test or other data, the organization of which involves a considerable effort, shall protect such data against unfair commercial use.

The exclusion of patentability pursuant to Article 27 (2) of the Trips Agreement requires explicitly that the commercial exploitation of the invention concerned is not permitted in the relevant member countries and secondly that such prohibition is necessary in order to protect the interests

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23. For example the environment.
25. Like USA.
26. Australian and in similar manner New Zealand, Hong Kong and Canada. Id, at 187.
27. Drahos, Supra, note22, at 97.
described in details in Article 27(2). The final half sentence of Article 27(2) makes clear that other simple prohibition of exploitation will not suffice for the basis of the exclusion from patentability of certain inventions.

The Patents Act, 1971 provides for one exception to patentability. It provides that an invention must not be one the publication or exploitation of which would be contrary to public order and morality. The main difficulty is that the expressions "public order" and morality are elastic and there can be a genuine divergence of opinion about this exception. Also, the proviso to section 7, that the exploitation of the invention is not contrary to public order or morality, is a little confusing. In the Trips which contains a similar exception, the proviso is clarified by the stipulation that "public order or morality" includes regulations protecting human, animal or plant life or health to avoid serious damage to the environment. Under English Patents Act, 1977 inventions are also excluded from patentability on the grounds of public morality if they comprise a method of human treatment involving germ line gene therapy or if they involve process for modifying the genetic make up of animals which is likely to cause pain, suffering or physical handicaps to the animals without resulting in substantial benefit to men or animals.

The Trips provides for two other exceptions from patentability: the digenetic, therapeutic and surgical methods for the treatment of humans and animals and plants and animals other than microorganism, and essentially biological processes for the production of plants and animals other than non-

\[28\] S.7.
\[29\] Art.27 (3) (2).
\[31\] Art.27 (3) (a).
biological and microbiological process. According to Tier, "the non–patentability of diagnostic, therapeutic and surgical methods for the treatment of humans and animals is not difficult conclusion to reach. It is desirable that methods for the treatment of humans and animals should not be monopolized but should be freely available to the public. It is agreed moreover, that this exception from non-patentability does not cover apparatus and product used for those methods".

The new improvement of Doha Declaration are: first, it asserts the right of each WTO Members to determine the grounds for granting the compulsory licence, the existence of national emergency or other circumstances of extreme urgency and the exhaustion of patents rights system. Secondly, it concedes that countries with insufficient or no manufacturing capacities in the pharmaceutical sector cannot effectively use compulsory licence. There is no person in the country to be granted a licence to manufacture a pharmaceutical product. This admission opens possibilities for future trends. The South African Medicines and Related Substances Control Amendments Act, 1977 adopts one of the future trends. This Act is aimed at fighting HIV/AIDS. It provides that" where a medicine has been sold outside South Africa with the consent of the holder of a South African patent or his agent, the Minister of Health can declare that certain patents rights relating to that medicine, such as the right to import or to sell, are exhausted and so a cheaper medicine can be imported from another country. This law empowers the Minister of Health to provide for international exhaustion according to his discretionary powers".

32. Art.27 (3) (b).
33. Tier, Supra, note 21, at 242.
34. no solution is agreed upon and the time in Para 6 of Al Doha Declarations has expired.
35. Tier, supra, note 21, at 252.
challenged in the South African Courts by pharmaceutical companies with registered patents in South Africa. The courts did not decide on the validity of this law because the companies and South African Government supported by several NGOs settled the case out of court. It is probable that the courts would have upheld the law, since Article 6 of the Trips Agreement leaves exhaustion of the rights to be decided by each country, subject to national treatment and most-favoured national treatment in Article 3 and 4 respectively.

An attempt was made in December 2002 by a draft on the implementation of paragraph 6th of Al Doha Declarations on the Trips and Public Health. A country with insufficient or no pharmaceutical capacity should be able to license a company in another country to manufacture medicine for it. The Draft deems a least developed country to have insufficient or no manufacturing capacities. Any other WTO Members must prove either that it has insufficient or no manufacturing capacity in the pharmaceutical sector or it has some manufacturing capacity but it is insufficient to meet its needs. In each case, the intention to use this system must be notified to the Trips Council. Trips constitutes a major obstacle to this proposed system. The draft proposes a waiver of this rule. However, it stresses that such products should be specially labeled or marked and packed so as to distinguish them from other medicines. Moreover, the country granting compulsory licence to produce medicines for it must take reasonable measures to prevent re-exportation of these medicines. But if this country is a party to a regional trade agreement, re-exportation to another

36. Ambassador Perez Motta in his capacity as the chairman of the Council for Trips represented this Draft.
37. For example in national emergency or other circumstances of extreme urgency.
38. Art.31(f)which requires a compulsory licence to be used to supply the domestic market.
developing or least developed country in this regional trade agreement is allowed. Again, waiver of Article 31(f) will be necessary.

The Draft lapsed because the Council for Trips could not reach a consensus. According to Tier\textsuperscript{39} 'The main obstacle to the Draft relates to the lists of diseases in the Doha Declaration which the Draft purported to implement. Also doubts have been expressed about the quality of these drugs given the absence of competition'. Available solution must come from developing and least-developed countries themselves. Quality university education is the key to the problem of insufficient or no manufacturing capacities in the pharmaceutical sector.

Developing countries are unable to use compulsory licence and have no capacity to manufacture medicines. This matter is the concern of WTO Fourth Ministerial Conference at Doha which issued, the Declaration on Trips and Public Health\textsuperscript{40}. The Declaration recognizes "the gravity of the public health problems afflicting many developing countries and WTO Members right to protect public health and, in particular, to promote access to medicine for all"\textsuperscript{41}. The proposed solution begins with the interpretations of the Trips Agreement\textsuperscript{42} which provides: (a) "In applying the customary rules of interpretation of public international law, each provision of the Trips Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles. (b) Each Member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licenses are granted. (c) Each Member had the right to determine what constitutes a national emergency or

\textsuperscript{39} Tier, supra, note 21, at 253.
\textsuperscript{40} 9-14 November 2001.
\textsuperscript{41} Tier, id, at 250.
\textsuperscript{42} Para5.
other circumstances of extreme urgency, it being understood that public
health crises, including those relating to HIV/AIDS, tuberculosis, malaria
and other epidemics, can represent a national emergency or other
circumstances of extreme urgency. (d) The effect of the provisions in the
Trips Agreement that are relevant to the exhaustion of intellectual property
rights is to leave each Member free to establish its own regime for such
exhaustion without challenge, subject to the MFN and national treatment
provisions of Articles 3 and 4”.

The objectives and principles of Trips Agreement enable a WTO
Member to grant a compulsory licence and to determine not only the
grounds for granting but what constitutes a national emergency.43

The TRIPs Agreement provides44 that the protection and enforcement of
intellectual property rights should contribute to the promotion of
technological innovation and to the transfer and dissemination of
technology, to the mutual advantage of producers and users of technological
knowledge and in a manner conclusive to social economic welfare, and to
balance rights and obligations.45 Trips further provides in Article 8 that
"Members may, in formulating or amending their national laws and
regulations, adopt measures necessary to protect public interest in sectors of
vital importance to their socio economic and technological development,
whereby these measures must be in conformity with the agreement". This
gives sights to conclusion that, with the exception of special treatment
granted explicitly under Trips to the least developed countries, in particular
the Trips revisions in patents set strict limit upon the WTO Members
freedom to legislate in the course of pursuing their national interest”.

43. Art. 7 and 8.
44. Friedrich, supra, note 14, at 161 Para 2b
45. Art. 7
The Patents provisions of the Trips are contained in Section Five and comprise articles 27 to 37 and 66 transitional provisions are of important relevance to patent protection. The Trips Agreement provides mandatory rules on the subject matter eligible for patent protection and subject to general requirements on the effect of the patents rights conferred and as to who bears the burden of proof in the case of infringement of process patent. To strengthen the position of the patent holder, the Trips Agreement establishes that revocation or forfeiture of patent shall be subject to judicial review.

2-Protection of Plant Varieties

Under the Sudanese laws the term "variety" is defined as "the group of grown plants, or existing by themselves, which carry upon propagation thereof, the distinctive, uniform and stable genetic composition". The Sudanese Laws extend the subject matter of the protection to plants that exist in nature and comply with the requirements of protection.

The concept of "sui generis" system emerges with the adoption of the Trips Agreement to be adopted as an alternative to or in combination with patent system. The Union for the Protection of New Varieties of Plants (UPOV) 1961 has Seventeen Member States including the United Kingdom as well as Japan, New Zealand, South Africa and USA. The Member States agree to provide in their legislation, whether by patent or otherwise, the exclusive right for the breeder of the new variety of the plant.

46. Art.27 and 29.
47. Art.28.
48. Art.34.
49. Art.32.
51. The Union Pour La Protection des Obtentions Vegetales; or the Union for the Protection of New Plant Variety; the latest revision is in Geneva 1972, 1978, 1991.
to produce for sale, the reproductive material\textsuperscript{52} of the variety. Also, the protection includes the name which the breeder must select for his plant. In the United Kingdom, plant variety is expressly provided for under the Plant Varieties and Seeds Act 1964, not by the patent protection and its system is administered by the Plant Variety Rights Office.

The TRIPs Agreement does not define the term "plant varieties". It only imposes the introduction of a form of legal protection on plant varieties either by patents law or by an effective sui generis system or by any combination thereof\textsuperscript{53} without any further qualification. Member states can choose the system\textsuperscript{54}. On the other hand, TRIPs Agreement also reflects the fact that the so-called prohibition on double protection was rebelled by 1991 revision of the International Convention for the Protection of New Varieties of Plants. The possibility of excluding plant varieties from patent protection as permitted under Article 27(3)(b), Trips Agreement, and the previous resistances of many developing countries to provide any protection at all in this field, will most likely lead to the following Scenarios. These countries will either choose to adhere to the UPOV Convention in its revision, which is still possible, compared against 1991 revision, which has not yet entered into force, and does not recognize the so called farmer's privilege. Trips Agreement obliges Members to grant patent for invention in all fields of technology, so the wording of paragraphing of the same provision that invention of diagnostic therapeutic and surgical methods are also

\textsuperscript{52} Seeds, bulbs and so on.
\textsuperscript{53} Art.1.27.
\textsuperscript{54} Art.27(3)(b) under the USA law plant varieties may be protected by patents or by specific variety protection rights, in the EC countries plant varieties protection is confined to specific protection systems; fried rich, supra note 14, at 186.
encompassed within the field of technology, as are the inventions of plants and animals as well as processes for the production thereof.\textsuperscript{55}

The difficulty may arise regarding the reference to Article 53 (b) of the EPC in the Trips Agreement. The Member may exclude from patentability "plant and animals other than microorganism", and essentially biological process for the production of plants or animals other than non-biological and microbiological process. The decision of the \textit{T.BAEPO, Plant Cells Genetic System}\textsuperscript{56}, defined "plant varieties" in the sense of Article 53(b)EPC as "any plant grouping within a single botanical laxon of the lowest known rank which is characterized by at least one single transmissible characteristic differentiates it from other plant groupings and which is sufficiently homogeneous and stable in its relevant characteristics".

In the developed countries there are two approaches to grant patents for plants and animals which are genetically altered. One approach, represented by USA, grants patents for plant varieties. The other approach, represented by European Union Countries, excludes their patenting. Alternatively, they are protected by a sui-generis system known as plant varieties law. Basically, the sui-generis system is codified at the international level as the International Convention for the Protection of New Plant Varieties\textsuperscript{1961},\textsuperscript{57} The Tips Agreement leaves these two approaches in tact. It provides that a state may at its option protect plant varieties either by patent law or by sui generis system\textsuperscript{58}.

The greatest problem relates to micro organism. There are two senses for this term. In a wider sense it means any cell and sub-cell elements. In a

\textsuperscript{55} Art.27(1):id.at187.

\textsuperscript{56} 1995 OJEPO 545.


\textsuperscript{58} Art.27.
narrow sense, it refers to bacteria, fungi, algae and protozoa. Whatever meaning is to be preferred, the question of disclosure remains, that is, describing the invention in a manner so clear and complete in order to allow a person skilled in the art to perform it. The alternative to written description is the deposit of microorganism and indeed, of biological materials as well. This alternative is now embodied in the 1977 Budapest Treaty on International Recognition of Deposit of Microorganisms for the purpose of patent procedure which attempts to harmonize national procedure of state parties to it.

In January 1995, the non-patentability of plants and animals is expressly stated to be subject to a review "so far as no consensus has emerged". Controversy starts on the meaning of review in article 27(3) (b)\(^{59}\). For developed countries; it is a review of implementation, while for developing countries\(^{60}\), it is the review of the text so that non-patentability of plants and animals is maintained and so is the sui-generis system for plants varieties which ensures seed supply system of the concerned countries. Lastly, the Trips provides for four processes: microbiological process; biological process; essentially biological processes, and non-biological processes\(^{61}\).

The beginning of patenting life forms for a novel genetically engineered microorganism came about by the United States Supreme Court decision in Diamond v. Charkarbarty\(^{62}\). The case dealt with the patenting of genetically

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\(^{59}\) Obliges Trips Members to afford patent protection in principle to product and process inventions in all fields of technology.

\(^{60}\) During the negotiating the developed countries and the European Community states were able to prevent an obligation to patent ball invention relating to plant and animals; Friedrich, supra, note 14, at 179.

\(^{61}\) Art.27 (3) (b).

modified microorganism under the genus plasmodium\textsuperscript{63}. The court held that a genetically modified organism is patentable under the US Patent Statute of 1930.

The Sudanese law provides for the protection of plant varieties under the Seed Act, 1990. This Act protects contractual breeders’ rights. It provides that "the breeder and maintenance breeder shall have the right to enjoy all the advantages, provided for in any of the clauses of the contracts, signed by every one of them, with the varieties approval of General Administration and shall be bound by the obligation provided for in the Act\textsuperscript{64}. Under the Seed Regulation of 1995 the protection of varieties and breeders rights are expressly stipulated. In 2002, a new Bill of the Seeds Act was submitted by the Minister of Agriculture and Natural Resources. The new Bill tends to adopt the proviso of the UPOV Act 1978. It provides for plant varieties protection, breeder's rights and farmers rights, in an attempt to comply with the Trips requirements. The Seed Regulation of 1995 authorizes the Seed Council to grant compulsory licence.

\textbf{Novartis case}\textsuperscript{65} illustrates the relationship between the breeders' rights for plant varieties under the UPOV Convention and the plant varieties exception to patentability under Article 53(b) of the European Patents Convention. The patented application was related to transgenic plants having specific foreign genes in their genomes, which kill or inhibit the growth of disease-producing pathogens. The Examining Division deemed the application not to be allowable under Article 53(b) of the EPC, the Plant Variety exception. \textbf{Novartis} appealed to the EPO Technical Board of Appeals, to

\textsuperscript{63} The genus of malaria parasite Obliges Trips Members to afford patent protection in principle to product and process inventions in all fields of technology; during the negotiating the developed countries and the European Community states were able to prevent an obligation to patent.

\textsuperscript{64} s.14.

\textsuperscript{65} Novartis/Transgenic Plant (Go 1/98), 2000 F.P.O.R 303; cited in El Tahir, supra, note 84, at 31.
determine whether the subject matter claimed is "plant varieties ". In assessing the subject matter of the claimed Novartis invention, the Enlarged Board held that the process of the invention was not restricted to individual varieties to be modified. It also determined that the modification by genetic transformation did not necessarily result in a product that constituted a "plant variety". After reviewing various definitions of the phrase "plant varieties" the Enlarged Board concluded that the expression of characteristics of a plant variety that results from a given genotype, or combination of genotype, is a reference to the entire constitution of a plant or set of genetic information. The resulting product of Novartis’ invention did not expressly or implicitly define a single variety, or multiplicity of varieties, which necessarily consists of several individual varieties. It held that in the absence of the identification of specific varieties in the product claim, the subject matter of the claimed invention is neither limited nor even directed to a variety or varieties.

In the case of Asgrow Seed Co v. Winterboer, the Supreme Court restricted farmer's right to resell from saved seeds. The Court specified quantities limit on the amount of farmers –saved seed. This quantities limit allowed a farmer to save and sell to other farmers, for planting purposes only, that amount of seed, which he could reasonably expect to use for his own planting purposes in the following growing seasons.

The rule of exhaustion is aimed at ensuring that the holder of a breeder's rights can only exercise his right and receive remuneration once in each stage of propagation. The exhaustion rule is meant to ensure that the

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66. in other words, products claimed having subject matter which covers or embraces plant varieties ,but which do not identify ,individuality claim or strictly limited to a specific plant variety ,are not claimed to a plant variety within the meaning of Article 53(b).

breeder's right to prohibit further or unauthorized propagation of the variety is never exhaustive. Under the UPOV Act 1991, the breeder's rights does not extend to acts concerning material of protected variety, or of other varieties covered by the scope of protection of the protected variety, which have been sold or otherwise marketed by the breeder or with his consent in the territory of the members of the Union concerned, or any material derived from the said material, unless such acts involve further propagation of the variety in question, or involve an export of material of the variety which enables the propagation of the variety into the country which does not protect varieties of the plant genus or species to which variety belongs, except where the exported material is for final consumption purposes.

Biotechnology Directive introduced a new regime for compulsory licence and cross licensing of biotechnological inventions. A new scheme attempts to manage the interrelation between patent protection for biotechnological inventions and plant varieties protection. The Directive introduced a new regime for compulsory licence and cross licence of biotechnological inventions and plant varieties protection. The Directive provides that where a breeder cannot acquire or exploit a plant variety without infringing a prior patent, they may apply for a compulsory licence for non-exclusive use of the invention. This is subject to the requirement that the breeder pay an appropriate royalty and that the holder of the patent will be entitled to a cross licence to use the protected variety on reasonable terms.

3-New Uses for Old Inventions

It is often disputed whether the new usage of a known product is to be granted a new patent, and thus extend the life time of the existing or the extinguished patent. The field of research in the drugs being simmering for the time being, many pharmaceuticals companies have reverted to finding new uses or purposes for old substances in old ways.

Much legislation does not allow or recognize as novel new discovery of a new advantage of an old thing used in an old way. Striking example of such practice is the use of aspirin in preventing blood clots in addition to its main purpose as cure for headaches and other minor flu symptoms. The British patent law adopts this principle.

The rationale behind the denial of granting new patent for old drugs is that the patent claim is made for a product for particular use, that is, a claim to the product per se. Accordingly, the patent law refuses to recognize "novelty of purpose" as basis for giving the new use the credibility of the patent. According to section 2(6) of article 54 (5) of the European Patent Convention: "the fact that an invention consisting of a substance or composition for use in a method of medical treatment forms part of the state of the art, shall not prevent the invention from being taken to be new, if the use of the substance on composition in any such method does not form part of the state of the art".

The scope of article 54(5) of EPC was considered by the Enlarged Board of Appeal in Eisai/second Medical Indication and came to a conclusion that the exceptions to patentability should be construed narrowly. The Board went on to say that as well as protecting the first use, the construction of the said section could apply to second and subsequent
medical uses. The only proviso of the Board is that the claim should be drafted in a manner known as the "Swiss form of claims".

One of the notable features of the Swiss claim is that it is directed at the manufacture of the known substance. In recognition of the fact that a patentable invention may be drafted in such a way so that it appears to comply with the Swiss format, the courts have been careful to look at the effect of the invention. Thus, for a Swiss claim to be valid, the invention must be for the manufacture of a medicament and not a surreptitious attempt to monopolize a new method of medical or veterinary treatment. That is, it is necessary to show that what the patent teaches is how to manufacture a drug for use in the treatment for patient, rather than how to treat the patient: which is the teaching the Swiss-type claim is designed to avoid. In Bristol-Myers Squib v. Baker Norton Pharmaceuticals, the patent in dispute was for a particular regime covering the dosage and infusion duration of the anti-cancer drug taxol. One of the side effects of the use of taxol is that it leads to a fall in the patient's white blood cell count (which is known as "neutropenia). Bristol-Myers claimed that the novelty of their invention lies in the discovery of a regime of dosage/infusion of taxol that reduced the side effects of neutropenia, without losing in benefits of the taxol. Previously it was necessary to infuse patients over twenty-four-hour period with high dosages of taxol (greater than 170 mg.). Bristol-Myers discovered that short diffusion times of about three hours at a dosage level between 135 mg. to 175 mg. had the same benefits, but with fewer side effects. The Court of Appeal rejected the patent saying that it was an unsuccessful attempt to monopolize the new method of treatment by drafting it along the lines of the

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70. [2001] RPC 1, 28, Para. 93
Swiss-type claim. When analyzed the court held that each step of the patent was directed to method of treatment. In particular, the Court of Appeal noted that the pre-medication given to the patient prior to taxol is chosen by and administered according to directions of the doctor. In addition the amount of taxol is selected by the doctor at the time of administration. In other words the actual medicament that is said to be suitable for the treatment is produced in the patient under the supervision of the medical team. As a result, it could not be seen in normal parlance as an industrial application or manufacture. As such the invention is for a method of medical treatment, which is not patentable.

The second feature of the Swiss-claim is that it must disclose a new therapeutic application. That is to say, it is necessary to show that the novelty does not "lie in the method of use, but in the new therapeutic purpose for which the substance is used". To do this, it is necessary to show that the new use is unconnected with the previous known uses.

Another question arose as to whether patent law should recognize novelty of purpose in non-medical fields. That is, whether patent law should recognize the discovery of new uses for old substances used in old ways, irrespective of the field in which the invention was made, bearing in mind that a great deal of non-medical research is devoted to the discovery of new applications of known compounds.

This matter was discussed by the enlarged Board of Appeal in Mobil/Friction reducing additive. Mobile attempted to patent a substance for use as a friction-reducing additive in lubricating oils. The application was opposed by Chevron on the basis that the substance was already known and on the basis that it was already being used to inhibit rust-formation in ferrous metals. The question considered by the Board was whether the discovery of
a new use of a known substance used in an old way could be patented. The Board held that while using an old substance in a new way to achieve a new purpose might be novel, the use of an old substance in an old way to achieve a new purpose would not. Concerning the case in hand the Enlarged Board of Appeal said that the invention exhibited a functional technical feature in that the substance operated to reduce friction. As such the Board held that claims for the use of a specified lubricant for the reduction of friction in engine were patentable: even though the lubricant had previously been used as a rust inhibitor. As a result of this decision, it is now clear that the discovery of a new purpose of an old thing used in an old way is potentially patentable at the European Patent Office, irrespective of the technical field in which the invention was made.

The patent status of a drug in a particular country is difficult to ascertain for several reasons: some drugs are covered by more than one patent, for example there may be a patent registered for the product, manufacturing process, and for a different formulation or use. Most patent offices in the region are not fully automated, and in some cases lack adequate staff to conduct reliable searches of records. Furthermore, most countries require the payment of maintenance fees to maintain a patent in force once it has been granted, and it is often difficult to determine whether a patent, even if granted, remains in force71.

4- Nature of Rights Protected by Patents Laws

In the Sudan, different types of patents rights are governed and protected by the Patents Act, 1971. A patent registered in the Sudan confers on the registered owner the right to exercise patent rights and as a corollary the right to preclude other persons from exercising them in the Sudan.  

For this purpose the Act treats a co-owner like a sole owner. He can exercise the patents rights independently of his co-owner unless the co-owners have agreed otherwise. The scope of these rights is protection against possibility of assigning or licensing the rights partially or totally. Thus, unauthorized exploitation of patented invention constitutes an act of infringement. Similarly that national systems for the protection of intellectual property in individual countries serve the public interest, including development and technological objectives, and that special need of "least-developed countries" must be taken into account "by giving them maximum flexibility in the implementation of laws and other regulations to enable them to create a sound and viable technological base."

The objective of the agreement is provided for by articles seven and eight of the Trips Agreement.

(i) The Content of the Rights

There are two systems of protection of the rights. The law can either provide expressly for exploitation without definition, or enumerate the protected acts of exploitation. The Sudanese Patents Act, 1971 adopts the latter system and deals with the patent rights negatively as acts for which the registered owner has the right to preclude others. Accordingly, the owner

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72. S.12.
73. S.8 (2).
74. Para 5 and 6 of the preamble of the Trips Agreement.
75. S.21.
of the patented product or products obtained directly by means of a patented process is accorded five rights namely: to make or manufacture the product; to import the product; to sell or offer the product for sale; to use the product; and to stock the product for the purposes of offering it for sale or selling or using it. In addition, and in case of patented process only, the owner is accorded the right of applying the process.

Also, the TRIPS Agreement enumerates the protected acts of exploitation. It provides that "a patent shall confer on its owner the following exclusive rights: Where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of making, using, offering for sale, selling or importing for these purposes that product." 76

The Trips Agreement further provides that where the subject matter of a patent is a process, the owner has the rights to prevent third parties not having the owners consent from the act of using the process, and from the acts of offering for sale, selling, or importing for these purposes at least the product obtained directly by that process". 77 Also, the patent owner shall have the right to assign, or transfer by succession, the patent and to conclude licensing contents". 78

(a) To Make or Manufacture the product

To make a product means that the product described in the description of the patent application is carried out in practice 79. When the product is in greater quantity the making is called manufacturing.

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76. Art. 28 (1) (a).
77. Art 28 (1) (b)
78. Art. 28 (2)
79. WIPO, supra, note 1 at 93-94.
Under the English Copyrights, Patents and Designs Act 1988; the owner of a patent has exclusive right to make the product. The purchasers of patented products should be able to repair and modify those products, but they are not allowed to go so far as to make the product new. It is less likely for the court to hold that a person had made a patented product when they have repaired an immaterial part of a product.

The claim of patent determines the scope of protection of making product. Hence, it is for the applicant to specify all similar solutions and variations to widen his scope of protection.

Other laws emphasize on "inventive concept". Accordingly, the specification of variable solutions in the claim is not necessary, provided that those variations carry the same inventive element.

The intermediary and recognized approach is that the determination of the scope of protection is by the claim, but the interpretation of the claim is by the description. Upon construction of the claim, the variation may be considered as the specified ones in the claim. Under the Sudanese Patents Act, 1971 the scope of the protection conferred by the patent is determined by the terms of the claims, the description and the drawing interpreting the claims.

The term "product" includes also products directly obtained through the patented process. According to Bently the requirement that there must be a direct relation in accordance with general logic of patent law while a product may draw upon a process patent, if the product only comes into existence as

80. S. 60.
81. Bentley, supra, note 70, at 488.
82. WIPO, supra, note 1 at 93-94.
83. S. 22.
84. WIPO, id, at 97; directly means immediately or without further transformation or modification; without intermediary.
85. Bently, supra, note 70, at 494.
a result of material steps that occur outside the process, the product is no longer derivative; it is new product that warrant separate patent protection. If the patentees were able to regulate the use that was made of such products, this would extend the ambit of the monopoly beyond the scope of the invention disclosed in the patent. In other words, there must be a direct relationship between the process and the product in question. Thus, in the case of Pioneer Electronics Capital Inc. v. Warner Music Manufacturing,86 a medical film was evaporated on to the recording layer of a master recording -known as a "father". This was used to make a number of positive impressions of the recording layer "mothers", each of which was used to produce a number of negative impressions "sons". The "sons" were used in a pressing process to mass-produce the compact discs. The step used by the defendant was the one involved in the production of the "father". The Court of Appeal concluded that there was no material or important steps between the process and product in question87. The Court of Appeal approved the decision of the High Court that the defendants' products were not obtained directly from patented process.

The identity of the process is very hard to ascertain. The patentee is duly required to show and prove the process of making the product. This problem is solved by the maker of the product. This helps in determining the infringement of the patent right.88

86. Court of Appeal 28 November 1996 RPC 757 cited in Hart, Supra, note 31 at 93; Bently, supra, note 70, at 493.
87. The case involved a patent for a process to manufacture masters for optical discs. The defendant had manufactured in Germany imported and sold optical discs that were by-products of patented process into the UK, but three further stages were introduced between the manufacture of the master disc and the manufacture of the discs which were made by the defendants; Hart, supra, note 31, at 93.
88. WIPO, Supra, note 1 at 97.
b) To use the product

The use of the process means the employment of the process for the claimed purpose in patent application. The Sudanese Patents Act, 1971 does not require the repetitive or continuous use. Moreover, the use of the similar product is protected. The use is protected irrespective of the user and the purpose of patented product.

The English Patents Act, 1977 provides that the owner of a patent for a process is given the right to use the process or offer it for use in the UK. This is subject to the stipulation that the right is only infringed where it can be shown that the defendant knew, or it would have been obvious to reasonable person in the circumstances, that the unauthorized use of the process would be an infringement of the patent. The owner of a patent for a process has the right to practice the invention or to put the invention into effect.

Under the American Patents Act, 1989 the doctrine of non-user of patent is well established. An exclusive right to make, use and vend implies injunctive rights against competing use as well as a non-competing one and not designed to protect an actual use by the patentee. The settled law is that non-user of a patent will not justify an act of equity in withholding injunctive relief against infringement. Thus, in Paper Bag Co. Eastern Paper Bag Co., the doctrine was originally propounded. The court was of the opinion that the non-use for a wrongful purpose, that the complainant, a powerful and wealthy corporation, was accumulating patent merely to protect its own industries and to shut out competitors.

89. Id
90. S-60 (1)(b).
91. Bently, supra, note 70, at 492.
92. Feuer, the Patent Monopoly and Antitrust Laws, 38 Colum. L. Rev. 1147 (1938).
93. (1908), 210 us, 405, 424; cited in Feuer, id. At 1148.
© To Sell the Patent or Dispose of the Product:

The doctrine afforded to the sale of patented product is wider in scope to include the sale of similar products. It includes the sale of individual articles, and also applies where the patented product is sold to people who intend to use the article in non-infringing activities.

According to Bently, 'a patent owner's ability to control the way the patented products are disposed of is limited by the common law doctrine of exhaustion as developed under European Community Law. According to the doctrine of implied licenses, "when the patentee sells a patented product, the patentee is unable to rely on the patent to prevent the resale of the article. This is because the sale of a product carries with it an implied license to keep, use and resell the product. However, where there is an express limitation, it will bind those who receive the goods with notice of limitation"."

The English Patents Act, 1977 provides that the owner has the right to dispose of the patented product. According to WIPO, it is not enough to assess the product itself; the inventor should also discover whether there is an adequate market for the product covered with his patent.

There are two methods for the inventor to get his idea into production. He can sell or license his product idea to a company equipped to manufacture it, or he can become manufacturer himself, either by establishing a factory or contracting out production to a job or machine shop if appropri

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94. WIPO, supra, note 1 at 97.
95. Bently, supra, note 70, at 489.
96. Such as sale to a person who intend to use the article for experimental purposes.
97. Bently, id at 490.
98. In the absence of any limitation to the contrary.
99. S.60.
100. WIPO, supra, note1, at10,
(d) **To Import the product**

Importing the product means that an article which constitutes or incorporates the patent is brought into the country. The foreign country from which the product is imported is immaterial, even if, the making of the imported product violates the law of the country.

The patentee has the right to control the importation of the product that falls within the scope of the product. Where the patented product is passively imported, the patent will not be infringed. The infringement occurs where they deal with the patented product in the course of trade or for the purposes of a profit. This right is limited by the common law principle of implied consent and by the doctrine of community exhaustion.

(e) **The Right to Keep the Product**

The patentee's exclusive right also includes situations where an infringer keeps the product, whether for disposal or otherwise. The scope of this right appeared in the case of *Smith Kline and French (SKF) v. Harbottle*, where the court was called upon to decide whether the storage of a product in London warehouse fell within the meaning of "keep" in section 60 (1). The decision arose from the fact that British Airways, who were in the process of transporting an antihistamine drug called Cimelidine from Italy to Nigeria, stored 20 kgs of the drug in a warehouse in London. While the drug was being stored in British Airways warehouse, a patent infringement action was brought by the UK patentees (SKF) who held a patent in the UK for a drug against the owner and importer of the drug, Harbottle. The defendant

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101. WIPO, *supra*, note 1 at 100
102. That is where the patented product is of no importance as far as any question of carriage is concerned.
103. Bently, *supra*, note 70, at 490
ordered the drug from Italy, to be imported into the UK, intending to re-export it. British Airways carried the offending drug to the UK and stored it in their bonded warehouse at Heathrow Airport. Along with Harbottle, British Airways were joined as co-defendants in the infringement action on the basis that British Airways had infringed the owner's right to keep the product.

Finding in favour of British Airways, the court held that the act of passively storing a patented drug in a warehouse in London could not be construed as "keeping of a product" within the meaning of section 60 (1). While declining to arrive at a definitive meaning of the term "keep", the court was strongly influenced by the very much more limited terms employed in Article 29(1) of the Community Patent Convention where the equivalent wording refers to 'stocking' a patented product. On this basis it was said that 'keep' implied 'keeping in stock' rather than acting as a custodian.

A broader interpretation of the right to keep a product was adopted in the case of McDonald v. Graham. In this case, the patentee asserted that the defendant, who was a marketing consultant and who had been introduced to the patentee, retained certain articles. Later, the defendant made the articles available to a third party and had infringed their right to 'keep' the patented product. In response, the defendants argued that the materials had not been kept 'for disposal or otherwise'. The Court of Appeal held that the defendant had kept the product in the sense of keeping them in stock for the purposes of his business in order to make use of them as and when it could be beneficial to him to do so. As such, the patent had been infringed.

(ii). **Duration of Patent Rights**

Under the Sudanese Patents Act 1971, the duration of patent is twenty years from the date of filing of the patent application subject to the payment of the prescribed annual fees for the maintenance of the patent in force. A grace period of six months is granted for late payment of the annual fee subject to payment of surcharge\(^{106}\). Under the Patents Regulations 1981, this 20 years period can be extended. The Paris Convention for the Protection of Industrial Property 1883 requires the same period as that of Sudanese grace\(^ {107}\). Under the TRIPS Agreement, the term of protection available shall not end before the expiration of a period of twenty years counted from the filing date\(^ {108}\).

According to Sudanese Patents Act, 1971 annual fees payable in respect of patents are reduced by half after the patent has been endorsed with words "licence of right"\(^ {109}\). The lapse of patent for non-payment of fees must be published by the patent office in the Gazette as soon as possible\(^ {110}\).

Under the English Copyright, Designs and Patents Act, 1988, the owner of a patent can extend the term of patent on two grounds: The first one is the case of inadequate patent remuneration. The second is the impossibility of exploitation because of war conditions\(^ {111}\). The term of protection under

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\(^{106}\) S.25 (1), (2), under the USA section 154 Patents Act 1984 the duration of patent is 17 years from the grant of patents but this Act was amended to extend duration in conformity with Trips to be 20 years from the date of filing of the application.

\(^{107}\) Art. 5 (bis).

\(^{108}\) Art. 33: those members who do not have a system of original grant may provide that the term of protection shall be computed from the filing date in the system of original grant.

\(^{109}\) S. 25 (2).

\(^{110}\) S. 25 (3).

English patents and European patent laws is twenty years subject to licence of right\textsuperscript{112}.

(iii). \textbf{Limitations on Patents Rights}

According to a WIPO Publication, a patent owner's legal rights to exploit his invention are usually limited in a number of ways: Firstly, the claim defining the monopoly may be subject to amendment or invalidation by courts for defects not detected prior to the grant of the patent. Secondly, where the invention or development is an earlier subsisting patent, the patent owner may need to obtain a licence from the earlier patent owner. Thirdly, the patent owner's rights are usually limited by patent law, quite apart from the question of validity of his patent\textsuperscript{113}. A non-voluntary license may, for instance, be granted to third parties if it can be demonstrated that the patent for an invention is not worked or insufficiently worked in the country. Finally, a fourth legal limitation on patent owner's right to exploit his invention is that the patented invention may often be used by government or by third parties authorized by government, where the public interest so requires, on terms fixed by agreement. Article 30 of Trips Agreement provides flexible guidelines for the legislature and courts to constitute exceptions to the right afforded by patents provided that “such exceptions do not unreasonably prejudice the legitimate interests of the patent owner taking account of the legitimate interests of third parties”.

Certain limitations are imposed by the patent rights under the Sudanese Patents Act, 1971. These limitations are

\textsuperscript{112} That is any one wishing to work the invention in that time would be able to get a licence on request). provided that he paid the licence fee demanded by the patentee; Groves, \textit{Source Book on Intellectual Property}, 254(1997)

\textsuperscript{113} For example, in most patents systems, the patent owner is required to work his invention, either on his behalf, or by licensing others to use it, if he wishes to retain his monopoly; WIPO, supra, note 1, at 27-28.
(a) **Non-commercial Purposes**

Patent rights extend to acts done for industrial or commercial purposes. Thus, an act for non-commercial purposes, for example, an act done for educational purposes or scientific research or experiment, is not protected\(^\text{114}\).

English Patents Act, 1977 provides that acts that are done privately and for non-commercial purposes do not infringe\(^\text{115}\). According to Bently\(^\text{116}\), the private use exception is usually explained on the basis that while private uses may increase scientific knowledge and thus be socially beneficial, high transaction costs may mean that they are unlikely to be licensed. Another factor in favour of the defence is that private non-commercial uses do not pose much of a threat to the patent monopoly. While private uses may need not be secret or confidential, they must be for person's own use. To determine whether the activity is for commercial benefit or not it is necessary to ascertain the subjective intention of the user\(^\text{117}\).

English Patents Act, 1977 provides immunity for acts done for experimental purposes relating to the subject matter of the invention\(^\text{118}\). This is because the patent monopoly should not be allowed to inhibit scientific developments. The way 'experimental purpose' is defined determines the scope of the defence. If it can be shown that the purpose of the activity was to discover something unknown or to test a hypothesis, it would be an experiment. An act will also be experimental where a person is attempting to discover whether the patented inventions work. This may occur where a

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\( ^\text{114} \) S. 23 (1).
\( ^\text{115} \) S. 60(5) (a).
\( ^\text{116} \) Bently *supra*, note 70, at 506.
\( ^\text{117} \) Bently, *id* at 506; if the infringer was motivated by commercial interests, the defence would not apply but if subjective purposes were non-commercial the defendant could rely on the immunity even if the resulting information has commercial benefit.
\( ^\text{118} \) S. 60(5) (b).
party is thinking to license a patent or he believes that the patent is invalid for insufficiency.  

If the purpose of the activity is to prove something that is already known, to demonstrate to a third party that the product works in the way the market claims, these would not be regarded as an act for experimental purpose. Thus, in Monsanto v. Stauffer Chemicals, it was held that trials that were carried out to obtain safety clearances and to gather information to support an attempt to gain approval for a new use of patented product to be used once the patent had expired were for commercial rather than scientific purpose.

German Patents Act 1981 exempts from effect of a patent acts undertaken in private sphere and for non-commercial purpose.

(b) The Principle of Exhaustion of Rights

Acts done in relation to products which have been lawfully sold are not protected acts, because by such sale the products will have been put on the market and its use by the buyer or its possible further sale cannot constitute acts of infringement. Accordingly, the Sudanese Patents Act, 1971 provides that patent rights do not extend to acts in respect of the product covered by patent after the product has been lawfully sold in Sudan. But the sale of stolen product constitutes an act of infringement.

There are three possibilities of exhaustion: national, regional and international exhaustion: Under national exhaustion, exclusive rights end upon first sale within a country but intellectual property right owner may exclude parallel import from other countries. Under international exhaustion,
rights are exhausted upon first sale anywhere and parallel imports can not be excluded. National exhaustion awards the right to prevent parallel imports, while international exhaustion makes such imports legal\(^{124}\) the third possibilities is regional exhaustion, under which rights ended upon original sale within a group of countries, there by allowing parallel trade among them, but are not ended by first sale outside the region. Parallel imports, also called gray market import, are goods produced genuinely under the protection of the trade mark, patent or copyright placed into circulation in one market, and then imported into a second market without the authorization of the local owner of the intellectual property right.

As to the exhaustion of patent rights, WTO Members may adopt national, regional or international exhaustion of rights system. The problem is for the developing and least developed countries such as Sudan because the production of medicine requires a lot of money to construct a plant and to pay for the expensive equipment and highly skilled personnel. Consequently, the cost for medicine increases. There are two disadvantages for developing and least developed countries: they cannot manufacture medicine locally nor can they afford expensive prices of imported medicines. This problem is addressed in the Doha Declaration. It reads: "We recognize that WTO Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licences under the Trips Agreement. The Council for Trips is instructed to find an expeditious solution to this problem and to report to the General Council before the end of 2002"\(^{125}\).

\(^{124}\) Keith, Parallel Imports In Pharmaceuticals :Implications for Competition and Prices in Developing Countries, WPO 3(2001).

\(^{125}\) Para 6.
Concerning the issue of international exhaustions Trips Agreement provides for the exercise of patents rights without discrimination as to...whether products are imported or locally produced126. It further provides that patent owner has exclusive right to prevent third parties from importing a patented product or a product of patented process127.

Trips Agreement is interpreted in the sense that this agreement operates without a regulation of international exhaustion and leaves it to each individual Member to decide upon the most favorable system128. Member countries that do not accept the principle of international exhaustion and hence perceive disadvantages may retaliate with trade policy sanction measures129. It provides that "for the purposes of dispute settlement under this agreement, subject to the provisions of Articles 3 and 4 above nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights"130.

The question as to whether the Trips Agreement regulates international exhaustion on the basis of Article 6 alone is controversial. The specific provision relating to the relevant right must be consulted, because they were laid down with the consideration to the underlying objectives and principles of the agreement131.

The principle of international exhaustion of patents rights contravenes the substantive legal provisions of the Trips Agreements and the fundamental Trips rationale, at least as it is presented within the context of this contribution, and at least while in some cases extreme differences still

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126. Art.27(1).
127. Art.28 (1) (a).
128. That is, to say to apply the principles of international exhaustion also.
129. Art.6.
130. Id.
131. Friedrich, supra, note 14, at 156.
exist in the condition of the world market regarding the production, putting into circulation, etc of product in general and of certain products in particular, such as pharmaceuticals. There is no basis for arguing in favour of the principle of international exhaustion along the line of interpretation. In the BBC Wheels 11 case\textsuperscript{132}, the Tokyo High Court held that if one also examines whether considerable reasons exist for balancing the legal protection of the patent holder against the protection of the public interest in economic development, under the aspect of the legal considerations it makes no difference whether the patent holder puts the goods into circulation and can determine the prices for the patented product at his discretion so as to include compensation for the disclosure of his invention, or whether there is a case of national exhaustion. In other words, the opportunity of patent holder to receive compensation for disclosure of the invention is limited to one opportunity. If one considers this issue under the general aspects of national exhaustion in accordance with economic development, it does not make any particular difference whether the putting into circulation takes place within the country or abroad.

Advocates of strong international patents rights for new medicines support a global policy of planning international patent rights for new medicines support a global policy of planning parallel import, arguing that if such trade were widely allowed it would reduce profit in the research-intensive pharmaceutical sector, ultimately slow down innovation of new drugs. Moreover, parallel import could make it difficult for health authorities in different countries to sustain differential price controls and regulatory regime. However public health authorities in many countries argue that it is

\textsuperscript{132} 1995GRUR Int.417, 2711C 550 (1996).
important to be able to purchase drugs from the cheapest sources possible, requiring an open regime of parallel import.

Third possibility is regional exhaustion under which rights end upon original sale within group of countries, thereby allowing parallels trade among them, but are not ended by first sale outside the region. Governments rarely distinguish between parallel imports and parallel exports. Country might permit parallel import and ban to encourage low prices on its market. Otherwise, a country could ban parallel import and permit parallel export to sustain export opportunities for distributors. The first sale doctrine is applied by the United States. Thus, companies cannot prevent customers from re-selling goods anywhere within the country.

The thirty nine South African licensed pharmaceutical distributors filed law suit to overturn South Africa's 1977 Medicine Law. This legislation would permit South Africa's health minister to resort to parallel import in cases where a drug protected by a patent is priced at excessive levels in South Africa. Moreover, pharmaceutical firms in industrialized nations that recently agreed to provide many of their HIV/Aids drugs at low cost in Sub-Saharan African Nations remained concerned that these drugs might come into higher-price markets through parallel export to Korea, Japan, Brazil and other countries.

In December 1997, the government of South Africa amended its Medicines Act, which would permit the Minister of Health to suspend patents rights and issue compulsory licences in case where it was deemed necessary to offset a high price of patented drugs. The law would legalize parallel imports of patented medicines in such cases. Constitutional

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133 Keith, supra, note 124, at 3.
134 id, at 4.
challenge to the law was raised in South African Courts and its implication is still pending. Under considerable pressure from research based pharmaceutical companies, the United States placed South Africa in its special 301 priority watch list in 1998. The South African action aroused considerable sympathy among American advocates of price control in medicines. The activism of those groups was instrumental in persuading the Clinton demonstration to moderate the stance on the issue\textsuperscript{135}. Trips Agreement requires that all Members countries must provide for new pharmaceutical drugs by the year 2005\textsuperscript{136}.

The argument is that restraints against parallel import constitutes non-tariff barriers to trade and are inconsistent with the fundamental principles of the WTO. Two points must be considered: First, opponents of parallel import often claim that permitting them would support consumer's deception and trade in counterfeit goods and pirated goods. Second, a ban on parallel import per se does not extend to prevent import of generic drugs or imitative drugs. The benefits of parallel import are as follows: by permitting pharmacuts, hospitals, and insurance services to procure drugs from cheaper international sources, prices of brand-name drugs are directly reduced. The threats of accessing parallel import drugs may be sufficient to provide health with enough negotiating leverage with original manufacturers that they would accept lower prices. Thirdly, parallel imports may be a source of technology transfer in that it would make products available on the market where firms could reverse engineering their compositions\textsuperscript{137}.

\textsuperscript{135} Keith \textit{supra}, note124, at 6.
\textsuperscript{136} In the intervening period they must provide for exclusive marketing rights that operate in a fashion similar to patents.
\textsuperscript{137} Keith \textit{id} at 41.
The application of the principle of international exhaustion of patent rights neglects the jurisdiction of patent law principles of territory and independence\textsuperscript{138}, mandatory also under Trips Agreement. Trips Agreement places also on the Members an obligation to guarantee to a patent holder the exercise of the rights granted to him, within their national territory and the condition prevailing within that territory\textsuperscript{139}.

In case the developing countries have made the complete entry into force of the Trips agreement, they will have standards of patents protection for inventions which resemble industrialized countries. Yet it remains unquestioned that in the foreseeable future they will not be able to achieve the other market conditions prevailing in the industrialized countries. This is due to the application of international exhaustion of patents rights\textsuperscript{140}.

In the American case of \textit{General Talking Pictures v. Western Electric Company},\textsuperscript{141} the court held that "it is well settled…that where a patentee makes the patented articles and sells them [or where he consents through licence, to the manufacture and sale of patented articles], [the patentee] can exercise no future control over what the purchaser may wish to do with the article after his purchase. It has passed beyond the scope of the patentee's right".

In the UK law, there is no application of the doctrine of exhaustion. The patentee is able to place further restrictions on sale or use, as a condition of sale of patented goods or a patented process. UK law is now

\textsuperscript{138} Art.4 bis Paris Convention.

\textsuperscript{139} For example where a manufacturer supplies a market having low purchasing power with goods produced in a foreign country; as a rule he is not freely set the price for his goods, but he must adjust his retail policy to the prevailing market conditions, Friedrich, \textit{supra}, note 14, at 194.

\textsuperscript{140} If the principle of the exhaustion were to be recognized within the Trips framework, this would mean that sensible patent holder would not file patent application in the India, more likely, would neither manufacture nor have their product manufactured by licensee in India, nor to export patented product to India.

\textsuperscript{141} 272 USA 476-477 (1926); cited in Feuer, \textit{supra}, note 31, at 1156.
subject to the European Community Treaty's policies of competition and free movement of goods concerning exports within E U and European Community Area.

The English Patents Act, 1977 provides for exhaustion of biological patent. It states that the protection conferred by a patent shall not extend to biological material obtained from the propagation or multiplication of biological material placed on the market by the owner of the patent or with his consent, where the multiplication or propagation necessarily results from the application for which the biological material was marketed.

Under the doctrine of exhaustion, a patentee is unable to use a patent to prevent the further disposal of an article that has been placed on the market in the EEA with the patentee's consent. Consequently, an express limitation on further disposal of a patented article will be void if it prevents importation into or resale in another member state.

TRIPS Agreement does not discuss in detail the question of international exhaustion of patent rights. Art. 6 of the TRIPS Agreement reads: "For the purpose of dispute settlement under this agreement subject to the provisions of Article 3 and 4 "nothing in this agreement shall be used to address the issue of exhaustion of intellectual property rights". This Article has been interpreted in the sense that this agreement operates without a regulation of international exhaustion and leaves it to each individual member to decide upon the most favourable system to apply the principle of

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142. It provides that once the patented goods have been put on the E U and EEA market, the patent rights can no longer be applied to them.
143. Colston, supra, note 69, at 128.
144. Art. 10 Para 10 of the schedule A2.
145. Bently, supra, note 20 at 490.
146. Article 3 and 4 dealing with national treatment and most favoured principle
exhaustion\(^{147}\). According to Keith\(^{148}\) "this language implies that no violation or limitation of a Trips obligation beyond national treatment\(^ {149}\) and most favoured nations\(^ {150}\) may be invoked to challenge the treatment of parallel imports". According to Friedrich\(^ {151}\) "the substantive law provisions of the Trips Agreement contain provision that may be invoked to argue against application of the international exhaustion of patent rights. Also, the words\(^ {152}\) 'nothing in this Agreement' must not be understood simply as reference to the general principles of the Trips Agreement\(^ {153}\), but that they encompass in particular the specific substantive Trips law. If the Trips Agreement left the application of the principles of international exhaustion of patents rights to the discretion of the individual Members, such sanction would contravene the agreement, notwithstanding the fact that they would not fall under the dispute settlement mechanism.

The South African dispute with American Pharmaceutical companies on HIV medicines raised the issue of international exhaustion. The dispute was, however, resolved outside courts.

**(c) Prior Use**

Under the Sudanese Patents Act, 1971, where the invention is made by two different persons independent of each other, the one who has the right of prior use is not affected by a patent subsequently granted to another person in respect of the same invention if the following conditions are fulfilled:\(^ {154}\) First, the inventor of unpatented invention must exploit the invention, that is

\(^{147}\) Friedrich, supra, note 14, at191- 195.
\(^{148}\) Kieth, id,at 4.
\(^{149}\) Art.3.
\(^{150}\) Art. 4.
\(^{151}\) Friedrich,supra,note 14,at,156.
\(^{152}\) Reference may be made to Article 6 of the Trips Agreement.
\(^{153}\) Paragraph 1 of the preamble.
\(^{154}\) S.24.
he must use the invention to manufacture a product or apply a process or make serious preparations to such manufacture or use such as installations of machinery. Secondly, the time of such exploitation is the date of the filing of the patent application or the priority date. Thirdly, the exploitation must be in good faith. This limitation is based on the ground that the inventor of unpatented invention has incurred substantial expenses in his invention and it is unreasonable to deprive him of his right solely by subsequent grant.\textsuperscript{155}

Also, UK Patents Act 1977 provides for this exception,\textsuperscript{156} but will not enable the person to license others to do those acts nor will it extend to an individual who begins the acts or preparation after the invention's priority date, but before publication of the patent. Thus, in Helitune v. Stewart Hughes,\textsuperscript{157} the patent related to a method of detecting the degree of unbalance in helicopter rotor blades by directing light or other radiation at the blades and measuring the reflected signals (an active system). The defendant pleaded section 64 of the Patents Act 1977 in defence to allegations of infringement. The infringing act which the defendant wished to continue was to sell an active tracker. However, at the patent's priority date, all that the defendant had done was to produce a prototype with a view to further development. They had not sold a tracking device and, in fact, were concentrating their effort on developing a passive system in which the rotors' interruptions of the ambient light were measured. In these circumstances, it was held that they had not reached the stage of effective and serious preparations to sell an active tracker and could not rely on the statutory license' provided by section 64 of the Patents Act, 1977.

\textsuperscript{155} WIPO, supra, note 1, at 98.
\textsuperscript{156} s. 64.
5. Conclusion

This Chapter discussed the notion of invention and its application in three different systems of laws namely; the Sudanese, the English and the American laws together with provisions of the Paris Convention on the Protection of Industrial Property and the TRIPs Agreement. It explained that the nature of the patent system is nothing more than protection afforded to an inventor for his contribution in solving technological problems. The mode of protection differs in different countries but the most commonly used mode is patent for invention. Moreover a patent confers on its owner monopoly rights against a person who discovers identical material innocently and from an independent source. The only legal system that defines the term "patent" is the Japanese patent law and accordingly it goes into detailing the rights protected by the patents laws mentioned above in order to demonstrate what is exactly meant by a patent.

From what is said above, it is clear that in English, American, and Sudanese laws, and the TRIPS agreement, the owner of a patent has two distinct and separate rights. The common law right to make, use and sell the product and the patent law right to exclude others from making, using and selling. Thus, in Bloomer v. Mcquewan\footnote{158 14 How 539, 14 Led, 532; cited in Ellis, Patent Assignment, 6 (3 Ed, 1953).}, the court held that "the franchise which the patent grants consists altogether in the right to exclude everyone from making, using or vending the things patented without the permission of the patentee. This is all that he obtains by the patent".

Moreover, the statutory right to exclude cannot be assigned apart from the common law right. Thus, in Crown Die and Tool Co. v. Nye Tool and Machine Works\footnote{159 261 US 24, 97 Led 516, 43, s-et. 254; cited in Ellis, id, at 6.}, the United States Supreme Court held that the right to
exclude could not be assigned independently of the common law right to make, use and vend. But this does not implicitly mean the application of rules governing transfer of rights in choses in action at common law, to transfer of right under patent law. Thus, in Galer v. Wilder\textsuperscript{160}, the court held that "the monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. It is created by the Act of Congress and no rights can be acquired in it unless authorized by the statute and in the manner the statute prescribed".

The content of the right in a patent is highlighted together with the systems of protection of these rights.

Duration of the patent rights in the Sudanese, English and American laws with reference to the TRIPS Agreement is discussed in depth, plus the limitation on patents rights whether by patent law or for different reasons enumerated in this chapter including, but not limited to, the exhaustion of rights in the American system.

All these points are supported by well chosen case-law from both the American and English legal systems.

\textsuperscript{160} 10 How 477, 494; cited in Ellis, id.
Chapter 5
Trade Marks

This Chapter deals with the nature of trade marks and service marks including definition, rights protected by trade mark, limitations on that rights and their duration. The discussion will relate trade marks law in Sudan to its counterparts in England, USA and the Trips.

1. The Nature of Trade Marks and Services Marks
(i) Definition of a Trade Marks And Services Mark

The Sudanese Trade Marks Act, 1969 defines a trade mark as ‘any visible sign used or proposed to be used upon, in connection with or in relation to goods for the purpose of distinguishing the goods of a person from those of others: provided that, if it is not inadmissible, a trade mark may consist of any distinctive sign, including a word, name, pseudonym, device, brand, arbitrary, or fictitious designation, heading, label, ticket, signature, letter, numeral, slogan, package, emblem, container or any combination thereof’.¹ And service mark means ‘any visible sign used or proposed to be used to distinguish the services of a person from those of other’.² The Act goes on to provide that the provisions of this Act must be applied to service marks.³

A general observation on the definition of a trade mark under the Sudanese Trade Marks Act, 1969 is that the expression “used or proposed to be used” is included in both the definition of trade marks and service marks. Thus, a mark, which is neither used nor intended to be used, is not a trade mark. Non-use of a mark for particular goods is a ground for its removal. In other words, that it is registered without any bona fide intention to use it for those goods, and that it had

¹. S.3.
². S. 3.
³. S. 25.
never been so used. Moreover, the expression “proposed to be used” covers registration of mark, which one day might be useful, but for which there is no immediate use in contemplation.

Neither goods nor services are defined by Trade Marks Act, 1969. Since this Act adopts the English Trade Marks Act, 1938, it is important to refer to this Act to make clear the wording of the Sudanese Act. The phrase “used …. in relation to goods, is defined in the English Act as meaning “use thereupon, or in physical, or in any other relation to goods”. The oral use of a trade mark is excluded from this definition. Thus, in Universal (Striped Tooth Paste), stripes in tooth paste were refused registration on the ground that they came into existence only during use, and therefore, after trade mark in the goods had ceased.

The connection required by the Sudanese Trade Marks Act, 1969 need not be one of creator to create. It is satisfied if design, manufacture, importation and sale have all sufficient cogent relationship to goods or services to satisfy a mark’s inclusion within the scope of the trade mark. The needed marks indicate only the connection and not the identity of the proprietor.

Although the Sudanese Trade Marks Act, 1969 treats trade marks and service marks as virtually equivalent to each other in all respects, in reality, service marks are quite different from trade marks. Goods tend to be more or less durable and the mark tends to stay with them; the service mark on other hand is there to advertise the service before hand. Thus, the service mark is closer in function to a business name, identifying the business as such as distinct from its product. Unlike the English Trade Marks Act, 1938, it is an essential requirement of statutory definition of Sudanese Trade Marks Act, 1969 that the mark should be in fact distinctive and capable of distinguishing the goods by the trader who uses them.

4. S. 18.
5. S. 68 (2).
Three elements are required for a word or symbol to qualify as a trade mark. The first element is the word, name, symbol or device or any combination thereof. The second element is actual adoption and use of the symbol as a mark by a manufacturer of goods or services. The third element is the identification and distinction of the seller’s goods from goods made or sold by another.

Moreover, there is a controversy over whether a trade mark is a monopoly or a competitor. Some writers hold that a protection of a trade mark is protection of monopoly. Others reject the monopoly theory and favour the view that it protects competition. But all these views are philosophical rather than practical. In fact, the contribution of trade marks, as a competitive device is much greater than any monopolistic effect\(^7\).

Similarly, the English Trade Marks Act, 1994 defines the trade mark as ‘any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of another undertaking. A trade mark may in particular, consist of word (including personal names), designs letter, numerals, or the shape of goods or their packaging’.\(^8\) This section includes a list of examples of what types of signs are included\(^9\).

A trade mark is described as “any sign” in the English Trade Marks Act, 1994. This concept is very wide in scope and should be taken to mean anything which can convey information\(^1\).\(^6\) Also, a sign is a general term including all candidates which may constitute a trade mark and all candidates for allegations of infringement.\(^1\)^11

\(^7\) McCarth, Trade Marks and Unfair Competition, 49 – 54 (1973).
\(^8\) S. 1.
\(^9\) This list is not exhausted.
\(^11\) S. 10.
The English definition contains four requirements to qualify as trade mark: the candidate must be (a) sign; (b) which is capable of being represented graphically; (c) which is capable of distinguishing the goods or services of one undertaking from those of other undertakings; and (d) that sign in question must be used in relation to goods or services. This fourth requirement is subsumed in the third requirement.

A sign is graphically represented when first, it is possible to determine the graphical representation precisely what is the sign that the applicant uses or proposed to use without the need for supporting samples …… etc. Secondly, the graphical representation can stand in the place of the sign used or proposed to be used by the applicant because it represents that sign. Thirdly, it is reasonably practical for person inspecting the register, or reading the trade marks journal to understand from the graphical representation what the trade mark is. Thus, Swizzle Matlow’s Trade Mark Application illustrates the problem of capability of graphical representation. The application for chewy sweet on a stick was rejected because it was not possible to understand the mark precisely without reference to samples of the goods. This means that the mark in all its aspect was not capable of being represented graphically. The certainty in the presentation of the mark is very important.

Mr. Justice Douglas of the United States Supreme Court referred to trade marks as valuable, and adverted to the policy of the law to protect them as assets of business. The practice of the Sudanese courts is that, an item cannot become a mark, because the function of a trade mark is not to facilitate perpetual protection of

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12. This means that the Registry will not accept, nor will it be sufficient for an applicant to deposit either three – dimensional object.
15. [1998] RPC, 44, Torremans, supra, note 10, at 350, for more details see Morcom, id, at 43.
an object against copying. Moreover, as regards the shape of goods or their packaging, containers, such as Coca Cola bottles cannot be registered as a trade mark in respect of beverages, but a drawing of a bottle is a device, and therefore a mark\textsuperscript{17}. In Coca Cola Co v. Sinalko Arktiengeselischaft\textsuperscript{18}, the issue was whether the bottle of the plaintiff was capable of registration as trade mark according to the Trade Marks Ordinance, 1931. The court held that a bottle as such did not consist of characters, device or marks or combination thereof within the meaning of the ordinance both in its normal meaning and its statutory definition. Therefore, neither the mark of the plaintiff nor that of the defendant was capable of registration. The facts of this case were that two consolidated actions were brought by Coca Cola Company of Wilunington against Arktiengeselischafl of Germany. Both were manufacturers of soft drinks. The trade mark of the plaintiff was a bottle. The defendant applied to register four marks; amongst them two were of the plaintiff. The plaintiff raised opposition on these two marks as resembling each other and thus calculated to deceive. According to section 8 (1) (a) of the Sudanese Trade Marks Act, 1969, marks which consist of shapes or forms imposed by the inherent nature of the goods or by industrial function may not be registered as trade marks.

Under the new English Trade Marks Act 1994, a trade mark can consist of the shape of goods or their packaging\textsuperscript{19}, and therefore there is no requirement that a sign must consist of something which is separate from the good themselves. Thus, a new application was filed for the shape of the Coca Cola bottle and proceeds to registration\textsuperscript{20}. Some shapes are not registrable as a trade mark like those which result from the nature of the goods, those which are necessary to obtain a technical result and those which give substantial value to the goods. The registered drawing of the

\textsuperscript{18} (1952 – 1953) 7 Sudan L – R. 86.
\textsuperscript{19} S 1 (1).
\textsuperscript{20} Gyngel, etal, a User Guide to Trademarks and Passing off 7 (2 ed – 1998)
shape of the shaver head was rejected in Philip Electronics N v. Remington Consumer Products Ltd\textsuperscript{21}. It was held to be incapable of distinguishing PHILIP’s product as it primarily denoted the product’s function. In this case, no amount of use could overcome the inherent nature of this shape sign. The Court of Appeal agreed.

The English Trade Marks Act, 1994 was amended by the Trade Marks Amendment Rules, 1998 which contain new provisions covering in particular three dimensional and colour marks\textsuperscript{22} under the conditions that application for registration of three dimensional mark and colour shall not be treated as such unless the application contains statement to that effect\textsuperscript{23}. Since 1994 Act come into force there have been some examples of colours application by Registrar: the colour turquoise as applied to the visible surface of goods and the frontage of bank premises, in the name of Barclays bank plc, and colour turquoise applied to the packaging or labelling of pharmaceutical preparations, in the name of Reckitt and Colman products Ltd.\textsuperscript{24}.

The English Maths Report recommended exclusion of registration of the colour or the shape of goods or smells or sound\textsuperscript{25}. This is because the registration of such matter was contrary to the public policy.

In the English courts, colour to the shape of container of goods is a mark. In Smith Kline and French Application\textsuperscript{26}, a mark consisting of the application of a colour to half of a capsule for a pharmaceutical product (the drug tagamer), the other half remaining transparent so as to display its content was registerable as a trade

\textsuperscript{22} S. 5 (2).
\textsuperscript{23} S. 5 (3)
\textsuperscript{24} Grynge, supra, note 20, at 6.
\textsuperscript{25} id., at 13.
mark. According to the Sudanese Trade Marks Act, 1969 marks, sound, smell or tactile sensation of goods will not be considered a mark.\(^{27}\)

English Trade Marks Act, 1994 permits registration of sound or smell or taste. The graphical representation of them causes a problem\(^{28}\). The application to register sounds should include confirmation that this is a type of a mark applied for. If this condition is not fulfilled the application will be regarded as an application for a service mark. Sound represented by description, like “the sound of dog barking” may cause a problem as to whether this would be ‘graphical representation’. The application to register the sound of a dog barking has been rejected on the ground that the mark was not sufficiently defined\(^{29}\).

The more difficult graphical representation is the smell and taste because according to Morcom“to judge from some of the descriptions in pending application, other traders could well find it impossible to determine precisely what the trade mark was and what other signs might be regarded as similar”\(^{30}\). Nevertheless, the registry has accepted two applications for bitter beer applied to flight for darts and floral fragrance which is smell reminiscent of roses as applied to tyres.

Concerning phrases and slogan, the English Trade Marks Act, 1994 requires the phrases or slogan to be capable of distinguishing the applicant’s goods or services\(^{31}\). As regards surname, the 1994 Act specifically mentioned personal name within the examples list. Surname is regarded as a category of signs which can function as a trade mark and is capable of distinguishing\(^{32}\). Concerning the registration of the name, the test is whether the names distinguish their product from others\(^{33}\). Thus, in

\(^{27}\) S. 8 (1) (a).
\(^{28}\) Morcom, supra, note 14, at 48.
\(^{29}\) id
\(^{30}\) id, at 47; Gyngel, supra, note 20, at 6.
\(^{31}\) Gyngel, id, at 6 – 7.
\(^{32}\) The trade mark Smith’s distinguishing the crispy of particular manufacture from those of its competitors.
\(^{33}\) S. 1 (1).
Re Joseph Grosfield Sons Ltd\textsuperscript{34}, the name perfection was denied registration for soap as being too broad a monopoly, and as being potentially misleading.

The marks when spoken determine whether a sign is similar to a trade mark. Thus, in Sir Terence Orby Conran v. Mean fiddler Holding Ltd\textsuperscript{35}, the plaintiff was a registered proprietor of the trade mark “Zink” under the class of planning design and interior design of restaurants, bistros and wine bars and he planned to open a series of restaurants in London and Glasgow under the name “zinc bar”. The defendant opened a wine bar in Kilburn, London calling it “zinc bar” using the word “zin bar” on the right hand of the sign on the bar’s fascia and ‘Zn’, the chemical symbol for Zin, on the left – hand side. The defendant came up with the same alternative name including Zn, Zn, Sincorsync. The court considered trade mark infringement to be obvious, and the same applied to the alternatives suggested by the defendant “2n” “sin” or “sync” that were sufficiently similar. Evidence of confusion included would-be customer of the plaintiff who was given the number of the defendant’s bar in Kilburn.

Courts differ in determining whether goods are similar. Thus in NAD Electronic inc. v. NAD computer system Ltd,\textsuperscript{36} the plaintiff had registered the trade mark ‘NAD’ for inter alia, compact disc players. The plaintiff made high quality sound systems. The defendant used ‘NAD’ on his computer systems and this was held to infringe. Account was taken of the fact that computer technology has evolved and many computer systems come complete with CD-ROM drives and have spoken and can play music compact discs as well as read CD – ROM disc.

Trips Agreement uses the term ‘trade mark’ in the broad sense, that is, in the sense that it covers marks both for goods and for services. It defines the sign that

\textsuperscript{34} [1910] 1Ch 118 (17 High ct), (1910) 1Ch .130 at 1 42 – 3 (Court of Appeal) cited in Bainbridge, \textit{supra}, note 26, at 354.

\textsuperscript{35} [1997] FSR 856, Bainbridge, \textit{id} at 570.

must be considered as capable of constituting a mark; the Paris Convention does not contain a definition\(^{37}\).

Trips Agreement lays out that all signs and combination of signs that are capable of distinguishing the products and services of one undertaking from those of another are capable of acquiring trade mark protection. Such signs including personal names, letter, numerals, figurative elements and combination of colours, shall, as a matter of principle also be eligible for registration. In the case of the marks that are “not inherently capable of distinguishing the relevant goods or services” registration may be dependent on the fact that they have acquired distinctiveness through use\(^{38}\).

The Paris Convention provides that marks which have been duly registered in the country of origin, may be denied registration if it is devoid of any distinctive character\(^{39}\). Trade Mark Law Treaty (TLT) 1994 requires that all factual circumstances be taken into consideration in determining whether a mark is eligible for protection including the length of time the mark has been in use\(^{40}\).

Under Trips Agreement registration of marks that cannot be perceived visually, such as in particular olfactory and sounds marks, may generally be excluded\(^{41}\). Three dimensional marks and single colours marks are not included in the list of registrable marks in art. 15(1). This does not mean that Trips members may generally exclude signs from registration\(^{42}\).

\(^{37}\) WIPO, Implications of Trips Agreement on Treaties Administered by WIPO, 32(1997).

\(^{38}\) Art. 15(1), supra, para, 1.

\(^{39}\) Art 6 (b) (2).

\(^{40}\) Art 6 (C) (1).

\(^{41}\) Art 15 (1).

\(^{42}\) Friedich, etal, IIC Studies in Intellectual Property and Copyright, from Gat to Trips, 98(18 1996).
(ii) **Cases Analogous To Trade Marks:**

There are certain cases analogous to trade marks. The underlying principle of the law of trade marks is the application of broad principles of equity in which the prevention of one person from acquiring the reputation of another by fraudulent intention plays an important role. Thus, there are cases analogous to trade marks but distinct from them, like trade name, trade signs, the good will of the business etc. Hence, there are many cases of unfair competition decided in terms of a trade mark. An example of this is the case of *Enoch Morgan’s son v. Wendover*. The complainant had a trade mark in the word ‘Sapolio’ used to designate a particular kind of soap. When a person called at the defendant's shop and asked for ‘sapolio’ the defendant’s sales–man would without explanation, pass out a soap called ‘pride of the kitchen’ on which these words were plainly marked, and received the customary price. The wrapper of the two soaps differed entirely and also the size and shape of the cakes. It was held that although there was no use of the word ‘sapolio’ on the soap and no resemblance in the package, the transaction amounted to an infringement of the plaintiff’s trade marks.

This case is unusual when compared to trade marks law in two respects: firstly, the plaintiff received protection in the absence of the normal establishment of an exclusive right which in trade marks law had been regarded as essential. Secondly, the protection given was not to vend goods in the market which was also an essential element in trade marks law.

(iii) **Underlying Themes of Trade Marks And Trade Names.**

Though trade marks, names and such other symbols have less importance than the information protected by patents, copyright, and confidence, the need arose to

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43. Cushing, *Cases Analogous to Trademarks*, 4 Harv. L. Rev 312 (1890).
46. id, at 253
protect such marks and models. In order to find a way for the actual protection sought, two themes are to be considered: the first is the extent to which traders should be given power to sue upon the unfair business practice of their competitors, and the second basic theme deals with the uses to which trade marks are put and the scope of the legal protection to be accorded to them, because the increase of such use is thought to be inconsistent with the welfare of the consumer.

(iv) **Registration of Trade Marks as Domain Names**

The domain name is the Internet address which may be defined as “unique set of words or combination of words, generally separated by periods, that identifies each entity on the internet”. There are two domain names, the Top Level Domain name (TLD) which is known as ‘generic top level domain’ (G T L D) such as. Com or geographic or country code top-level domain (CC T L D) such as fr for France. The second domain name is known as the ‘second level domain’ (S L D), appearing directly before the (TLD) suffixes.

There are many problems generated by the registration of domain names. This results from disputes with other signs that existed prior to the advent of the internet and were protected by intellectual property rights, such as trade marks. The development of the domain name system (DNS) without concern for the future trade marks ramification causes disputes to arise.

Eventually a non – profit US organization called the Internet Corporation for Assigned Names and Numbers (ICANN) has the power to set policy for and direct allocation of intellectual property number blocks to regional internet number registration.

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49. id.
50. id., at 208.
For disputes relating to trade marks and domain names, national courts applied trade marks laws, unfair competition and common law passing-off rules. In *Intermatic Inc v. Toeppen*\(^{51}\), the defendant registered the trade mark of the plaintiff as domain name. The court found that the requirement of a trade mark infringement and unfair competition were not met because as concerns likelihood of confusion “there was no similarity between the product and service, that there was no evidence of any relationship in the use, promotion, distribution or sale between the goods and services, and that Toeppen intent was a question of fact. However, it found Toeppen liable for the dilution of a famous trade mark. It construed the offer of Toeppen to sell the domain name to the plaintiff as constituting commercial use within the meaning of the new Federal Trade Mark Dilution Act.

Meta tags and key word are internet practices relating to trade mark. Meta tags may be defined as “a key word or phrase embodied in the Hyper Text Mark up Language (HTML) code of web site so as to be identified and categorized by "search engines". They can be seen together with the source code of that page, but meta tags are usually not visible for the normal uses of that website itself. “A search engine seeking particular key words or phrases will find and list all websites that contain these key words or phrases as, meta tags”\(^{52}\).

The visible use of another’s trade marks as meta tags is actionable. Thus, in *Brookfield Communication Inc .v West Court Entertainment Corp*\(^{53}\), the defendant West Coast, used the plaintiffs trade marks ‘Movie Buff’ as meta tag to market a database containing entertainment industry related to information similar to that of the plaintiff, the US Ninth Circuit Court regarded the practice of meta tagging as potential trade mark infringement. The court based its decision on the so – called initial interest confusion doctrine.


\(^{52}\) Abdalla, id, at218

\(^{53}\) 174 F. 3d at 1061 – 65 USPQ 2\(^{2nd}\) at 1563, cited in Abdalla, id, at219.
Meta tags can be made “in form of key words embodied in TML code”. Likewise, key word may accompany the Uniform Resource Locator (URL) for the purpose of describing the content of the website. User often requests search engines to locate specific terms or key words. Once receiving the orders a search engine applies a mixture of manual and automated methods in order to locate these key words, whether they are in form of meta tags URLs, key word listing or based on a history visits”.

A retailer on line depends on ‘nominative fair use’ defence to connect their banner advertisement with certain key words referring to specific trade mark products which they deal. Thus, in the case of New Kids On Block v. News American Plug. Inc, where the defendant used a trade mark to describe the plaintiff’s product rather than own, it was held that a commercial user is entitled to nominative fair use defence.

2. Nature of Rights Protected by Trade Marks Law

(i) Acquisition and Priority of Trade Marks Rights

Exclusive rights in a trade mark may be obtained through use or through registration under both Sudanese Trade Marks Act, 1969 and English Trade Marks Act, 1994. The latter provides that the proprietor has exclusive rights in trade mark, which are infringed by use of the trade mark in the UK without his consent. Consent may be written or oral or implied. The rights have effect from the date of registration.

54. Abdalla, id, 221.
56. S. 9 (1)
57. S. 9 (3), this is the date of filing of the application.
(a) Acquisition of Rights Through Use

Acquisition of trade marks right through use does not need registration. This is based on the nature of conclusive protection of trade marks, for the use of trade mark renders it known to the public. Acquisition through use does not dispense with the system of registration necessary for proof and legal security.

The meaning of a ‘well-known’ mark is very much at large. The court will determine the meaning in the context of the trade mark as the nature and extent of the evidence that will be required to establish a mark as well-known. In accordance with article 6 bis of the Paris Convention, the English Trade Marks Act, 1994 confers certain rights and benefits on the proprietor of a well-known mark. In Saudi Arabia many manufacturers of alternative products are tempted to use similar well-established marks. Thus, in Beecham Group Plc v Mohammed Ahmed Banafi, it was held that the defendant’s use of STELLACREAM for hair cream infringed the registered trade mark BRYL CREEM.

In the majority of cases the notoriety of the mark may be a matter of judicial notice but one cannot rely on judicial notice. In Mc Donald’s Trade Marks case, the Supreme Court of South Africa held that the trade mark Mc Donald’s registered in respect of hamburgers was not a well-known trade mark in South Africa and ordered McDonald’s Corporation’s portfolio of trade marks to be cancelled on the grounds of non-use. On appeal this decision was rightly overturned. The Court of Appeal concluded that the purpose of section 35 of South African Trade Marks Act, 1993, which is substantially identical to s. 56 of the English Trade Marks Act 1994,
was to make it sufficient for a plaintiff to show that his mark enjoys a reputation in the country where relief is sought. Unlike the common law of passing-off, it was not necessary that the plaintiff should have concluded business in that country or that he should enjoy good-will there. The Court of Appeal found that the foreign trade marks proprietor must show that a substantial number of the class of persons would have an interest in the goods or services of the foreign trade mark. Proprietor or potential customers would know the foreign trade mark and would be confused by its use in relation to the relevant goods or services of the third party. The survey evidence which was accepted by the Court of Appeal showed that about 80 percent of the relevant target sector of the population covered by the survey knew the trade marks McDonald’s as being the mark of a foreign country. This market survey evidence was held to be admissible and to have probative value.

The Paris Convention contains detail rules on the protection of well-known marks goods\(^{62}\). The Trips Agreement makes these rules also applicable to well-known marks for services\(^{63}\). The Trade Marks Law Treaty 1994 extends the application of article 6 bis of the Paris Convention to services marks\(^{64}\). The Paris Convention requires that the mark must be considered well-known by the competent authority of the country of registration or use. The Trips Agreement obliges members also to take account of the knowledge of the trade mark in the relevant sector of the public including knowledge in the member concerned which has been obtained as a result of the promotion of the trade mark\(^{65}\). The Paris Convention is silent on the knowledge in the relevant sector of the public and on knowledge resulting from publicity.

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\(^{62}\) WIPO, *supra*, note37, at 35, art. 6 (bis)

\(^{63}\) Art. 17 Para 2.

\(^{64}\) Art. 16

\(^{65}\) Art 16 – Para 2
The Paris Convention protects well-known marks in respect of identical or similar goods that is, goods that are identical or similar to the goods for which the well-known mark is registered or used\textsuperscript{66}. The Trips Agreement provides in special circumstances, for the protection of well-known marks in respect also of non-similar goods or services.

(b) Acquisition of Rights Through Registration

The basis of this approach is the grant of protection and security notwithstanding use. Moreover, registration facilitates the proof of one’s reputation in a mark in order to sue for infringement. Introducing a trade mark on the market affords legal security; hence, it lessens the probability of employing a similar mark\textsuperscript{67}. There is the problem of whether to protect a priorly used mark without registration or the subsequent registered trade mark. This problem is solved by most countries by requiring, as a prerequisite both registration and use after a certain period of time.

The Trips Agreement provides that in the case of marks that are not inherently capable of distinguishing the relevant goods or services registration may be made dependent on the fact that they have acquired distinctiveness through use\textsuperscript{68}. The Trips Agreement lays down as a matter of principle that registration may be dependent on use, whereby actual use may not, however, constitute a condition for the filing of an application\textsuperscript{69}. This wording is intended to cover the demand for a declaration of intent to use\textsuperscript{70}. Pursuant to article 15(3) of the TRIPS Agreement, an application for

\textsuperscript{66} Art. 16 Para 3.
\textsuperscript{67} WIPO, supra, note 58, at 161; Cornish, supra, note 47, at 394; the disadvantage of trade mark registration is that it costs money. Moreover, none use of registered trademark leads to cancellation of the mark unlike protection of non-use of unregistered trade mark. Passing off action confers on the registered proprietor of goods the right to protect acquired reputation unlike restriction conferring a right before acquired any reputation.
\textsuperscript{68} Art. 15 A(1).
\textsuperscript{69} Art. 15 (3).
\textsuperscript{70} Friedich, supra, note 42 at 103, the Paris Convention does not expressly deals with this issue, but contains an exclusive list of ground for denial a registration based on the registration of the mark in country of origin, which does not including non-use; WIPO, supra, note 37, at 33.
registration may not be denied merely on the grounds that no use of the trade mark has been made within three years after filing of the application.

Under the Sudanese Trade Marks Act, 1969 the exclusive right to use a mark is conferred by registration\textsuperscript{71}, subject to whatever conditions or limitations as may be entered in the register\textsuperscript{72}. No person is entitled to institute proceedings to prevent or recover damages for infringement of unregistered trade mark\textsuperscript{73}. The respective rights of the proprietors of registered trade mark differ from those of proprietor of unregistered trade mark. The former posses the great advantages that they are exempted from the necessity of establishing proprietorship by proof or user or otherwise, all that they need to do is to produce the register. As to opposition to new registration and applications for cancellation of an existing registration, both classes are in the same position. Thus, in Bier Brouery De Drie Hofiizers v. Melotti Brewery\textsuperscript{74}, both parties were brewers, the plaintiff in Holland and the defendant in Eritrea. The plaintiff sued under section 10 of Trade Marks Ordinance 1930, opposing the registration of a trade mark consisting of three horses’s heads, particulars of which were given in the defendant’s application in the Sudanese Government Gazette. The defendant admitted at settlement of issues that his mark was practically identical with the plaintiff’s, and that he had the opportunity of seeing both. He further admitted having heard evidence that in 1948 and 1949 the plaintiff imported into the Sudan some cartoons of beer under three horses’ heads label. His defence was that since the plaintiff’s mark was not registered in the Sudan, which the plaintiff admitted, the imports did not constitute sufficient use of the mark to give the plaintiff any proprietary or exclusive right to it, and was not entitled to sue under section 10 of the Ordinance or at all. The plaintiff claimed a right to his

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\textsuperscript{71} S. 7.
\textsuperscript{72} s. 16.
\textsuperscript{73} S. 27 (2).
\textsuperscript{74} (1950 – 1951) 6 Sudan L. R 98 (Monograph)
trade mark at common law and that common law gave such a right when the mark was habitually attached to his goods, in order to indicate that they were his and when the trade mark was known to the public as having that significance. The relief sought by the plaintiff was purely statutory. He wanted an order directed to the registrar preventing him from proceeding with registration. It was held that where it was established that the sale of an unregistered trade mark proprietors are of a substantial magnitude and the mark was known to the public as having significance, such proprietor was entitled to protection against use of similar marks. Moreover, it was held that an unregistered proprietor of a trade mark had standing to oppose registration of a similar trade mark.

The TRIPs Agreement allows a member to require as a condition of registration of a mark, that the sign be visually perceptible. The Paris Convention neither allows nor prohibits such a requirement. The Trade Marks Law Treaty 1994 does not apply to holograms or to marks not consisting of visible signs. Under the Trips Agreement, members may not require use as a condition of filing an application for registration. The Paris Convention is silent on this question, but the Trade Marks Law Treaty 1994 allows use as a requirement for the filing of an application for registration.

(c) Use Requirement

Use or an intention to use a mark is laid down in three different systems. The first system requires actual use to qualify for registration. Here, registration is secondary purpose as means of proof. This system prevails in the USA and Philippines.

75. Art 15 (1) Para 1.
76. Art 2 (1) (b)
77. Art 15 Para 3.
78. Art. 3.
79. WIPO, supra, note 58, at 161 – 162.
The second system requires registration accompanied by declaration of the intention to use the trade mark. In case of non-user after expiration of certain time limits, the trade mark must be removed from the register. This system is adopted by the United Kingdom and the Sudan. Under the Sudanese Trade Marks Act, 1969, the cancellation of a registered trade mark may be ordered by the District court on the request of any interested person or if the registered mark is not, without legitimate cause, being used in the Sudan after registration during the five consecutive years preceding the allegation of non-user.\(^{80}\)

Where a trade mark is, or may be, used with the consent of the registered owner by another person, such use is deemed to be that of the registered owner, provided that the relations or arrangement existing between the registered owner and the user ensures an effective control by the owner of the use of the trade mark, with respect to the nature and quantity of the goods provided that the trade mark is not used in such a manner as to deceive the public.\(^{81}\)

**D) Meaning of Use**

The expression “use” may mean visual representation of the mark or the use in advertisement for goods already in the market.\(^{82}\) The extent and amount of adequate use differs in different countries. For instance, in England a single use is considered adequate. Preparations for use were considered sufficient where a proprietor had placed orders with the supplier of components. However, in *Moorgate Tobacco Ltd v. Phillip Morris Ltd and Another*,\(^{83}\) the Australian High Court did not consider as prior use the supply of an advertising material by a United States proprietor to an intending licensee because it was not accompanied by sale within the jurisdiction.

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\(^{81}\) S. 22 (1).

\(^{82}\) WIPO, *supra*, note37, 58 at 162 – 164.

The Sudanese Trade Marks Act, 1969 does not recognise limits to the use. Thus, in *Kamil Abdel Shaheed and Sons v. Board and Sons* 84, the plaintiff was an old established company of distillers who had contributed so greatly to the development of the law of trade marks by a series of cases launched in the English court in the defence of their “Cat and Barrel” mark. Their mark was not registered in this country but they claimed to have a right of protection by use and to be entitled to oppose the defendant’s application to register the mark referred to in the plaint. The defendant agreed to the admission in evidence of an affidavit by a director of the company. This coupled with the evidence of the witness on both sides, made it clear that the plaintiff had been selling under “cat and Barrel” mark in the Sudan, since 1899, that imports of the plaintiff’s sign, in common with other foreign spirits, were suspended during the last war. They began again to market their sign in the Sudan in 1947 and since 1948 they had been selling substantial quantities. On these facts, the plaintiff was entitled to protection in respect of his mark and that the interruption of supplies during the war until 1947 did not deprive him of his right to protection. It was held that, for the purposes of opposing registration, it was not necessary for an unregistered proprietor to prove use on scale sufficient to render the mark which the applicant wished to register non – distinctive or to constitute an “existing lawful user” with which the registration of the applicant’s mark might interfere, then this was enough to support a refusal of registration.

Use indicating origin would not be an infringing use. But use through middlemen trade to denote the origin of goods will be sufficient use of a mark. Mere advertising and documentary use of a symbol apart from the goods, does not constitute a trade mark use of that symbol 85. In England for the purpose of the Trade Marks Act 1994, a person is deemed to use a sign if, in particular, he affixes the sign to goods or their

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packaging, offers or exposes goods for sale under the sign, puts goods on the market under the sign, or stocks goods for purpose of offering or exposing the goods for sale or to put them on the market under the sign, or offers or supplies services under the sign, imports or exports goods under the sign, or uses the sign on business papers or on advertising.  

The meaning of importing and exporting was explained in Waterford Wedgwood plc v. David Nagli Ltd. The crystal was imported and exported in packing cases bearing the plaintiff trade marks. The defendant had infringed by importing and exporting under the sign. The defendant had acquired through a third party a consignment of counterfeit Waterford in Bilbao Spain to New York. Unknown to the defendant, the crystal was loaded on a ship bound for Felixstowe where it was transferred to another ship bound for New York. It was held that the property in crystal had passed to the buyer in New York and that the defendant had infringed the UK trade marks of the plaintiff by importing into and exporting from the UK.

The English and American courts differ in considering as use the display a trade mark on computer screens. Thus, in Brook Field v. West Coast, the US circuit court held that the defendant’s registration of the domain name movie buff. Com and its use in their e-mail was not considered use in order to give the defendants a trade mark right superior to the plaintiff.

In contrast the UK High Courts stretched the meaning of use for public policy in Spencer v. One in a Million. The court held that the defendants were not using the domain names for websites or even for their e-mails as they were professional
domain name dealers and as they were registering the domain names to the extract money from owners, this amounted to ‘use in the course of trade’.

Intention to use a mark must be bona fide; otherwise, the mark may be removed from the register. In Imperial Group Ltd v. Philip Morisy & Co Ltd, the plaintiff wished to use the name ‘Merit’ for a new brand of cigarettes. However the word was not registered as a trade mark being a laudatory word. Nevertheless, and with the intention of protecting that name, the plaintiff registered the name ‘Nerit’ instead. When the defendant launched a new cigarette in the USA under the name ‘Merit’ the plaintiff made token use of ‘Merit’ by marketing about one million cigarettes, under this name in an attempt to prevent the ‘Merit’ mark being expunged on the basis of non-use. This plan failed as it was held not be bona fide and the mark was ordered to be removed from the register by the Court of Appeal.

The use had to be in relation to goods in the course of trade. In Cheetach Trade Mark, the defendant brought herbicide in Belgium made by the plaintiff and then imported it into the UK where he resold it. The herbicide was the same as that sold in the UK by the plaintiff, but it had a different mark to the plaintiff’s registered trade mark on the container. However, the defendant used the plaintiff’s trade mark on delivery notes and invoices. The plaintiff sued for the infringement of trade mark, but the defendant argued that the use of the trade mark complained of was in the course of trade. However, it was held that use on delivery notes and invoices was submitted long after sale and delivery of the containers of herbicide. The marks on invoices were also used in relation to herbicide not accompanying it on delivery.

90. 1938 Act, S. 26 (1); Bainbridge, supra, note 26, at 572
91. [1982] FSR 72, Cited in id.
92. [1993] FSR 263.
(e) **Priority of Use**

Under the Sudanese Trade Marks Act, 1969 the person who has first fulfilled the conditions for a valid application, or who is first to claim validity the earliest priority for such application, has the right of priority of registration. 

Under the USA Trade Marks Law Revision Act, 1988 priority of use must be in USA and not in a foreign country. At common law the affixation of a mark to consumer’s goods confers a right. Thus, the beginning of trade mark right emerges from the first sale of goods with affixed mark. At last under the Lanham Act and at common law, the old rule of priority of the “first to affix” is changed by priority to one who first uses a mark in a manner sufficient to symbolize the goods and quality of one seller. Moreover, the quantity and quality of use necessary to achieve priority is controversial. Some courts hold that sale of goods with the mark is enough. The symbol must be intended to be used as a trade mark. Hence, the use must be bona fide and continuous so as to confer rights.

(ii) **Exceptions to the scope of Trade Mark Protection**

Certain limitations are imposed on the trade mark rights. These are:

(a) **Use of Own Name and Other Necessary Indications**

The use by a person or entity of his or its name and the use of other necessary indication, such as geographical indications, cannot be prohibited by trade mark proprietor. Thus, the Trade Marks Act, 1969 provides that no registration under the Act can interfere with any genuine use by a person of his own name or place of business, or that of his predeceases in business, or the use by any person or any genuine description of the character or quality of his goods.
This exception is subject to two conditions: first, the use of the name may be as a trade name but not as a trade mark. Secondly, such use must not confuse the consumer. Thus, in American Waltham Watch Co v. United States Watch the defendant, a watch manufacturer in Waltham, used the word ‘Waltham’ upon the plates of his watches without any addition to distinguish them from watches made by the plaintiff. The court held that he might be enjoined from so doing, the word “Waltham” having by long use come to designate to the public generally the plaintiff’s watches in such a case, the name acquire a secondary significance and instead of merely standing for the place where the goods are manufactured, it may become a mark denoting the manufactured goods themselves. Therefore, equity enjoins the indiscriminate use of the word by others engaged in the same business, as being in fact a false representation to the public that the goods sold are the plaintiff’s marks.

The English Trade Marks Act, 1994 specifies as a defence three categories of descriptive use. The use of own name or address, the use of descriptive indications, and the use of a trade mark to indicate intended purposes of a product or services. The Act provides that such use must be in accordance with honest practices in industrial or commercial matters. The Act further provides that a trade mark owner is not infringed by some one using his own name or address provided that the use of the name or address is in accordance with honest practice in industrial or commercial matters. Thus in Mercury Communication Ltd v. Mercury Interactive (UK) Ltd, the court held that the defence is available where the defendant can prove that the name which it uses is the usual name by which it or its product are known in the

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98. S. 11 (2).
99. S. 11(2) (a), his own name applies only in respect of natural person; Morcom, supra, note 14, at 213.
market place, and company can choose to omit the words “limited” or “plc” from the end of its corporate title and still rely on the defence.

The defence also includes use of business and company name. Thus, in *Euro Market Designs Incorporated v. Feters & Anor*[^101], the court held that just as a person’s name is pretty well – fixed by birth and by usage, a company which has used its name and built up good will is equally stuck with that name and therefore entitled to such a defence.

A registered trade mark is not infringed by some one using an “indication” concerning any characteristic of the goods or services in question, intended purpose, value, geographical origins or the time of production of the goods or the rendering of the services[^102]. In Scottish case of *Bravado Merchandising Services Ltd v. Mainstream Publishing (Edinburgh) Ltd*[^103], the respondent published a book about the pop group “wet wet wet” under the title “a sweet little mystery” – wet wet wet - the inside story “wet wet wet” was registered as a trade mark and the proprietor brought an action for an injunction against this use of the name. The respondent argued it had a defence under the Trade Marks Act 1994 s.11 (2) (b). This was accepted by the court because the respondent was using the mark as an indication of the main characteristic of the article, that is, a book about the pop group.

The opposite decision is in *Treat Case*[^104], where the court held that, if a mark is used by the defendant as a trade mark for his own goods, then the trade mark is not being used as a description. The word “Treat” was not being used by the defendant in a trade mark sense.

[^102]: S. 11 (2) (b); see the Sudanese case *Omdurman Optical Watch Company v. Mohamed Ali Abbas*, in which a plaintiff is affirm carrying on the business of importing, selling and repairing watches and clocks. Defendant is a trader carrying on the like business under business name “Alhalil optical and watch co”. Plaintiff applied for registration in Sudan of the trade mark Omdurman but the Registrar of Trade Marks refused registration of the said mark on the ground of its geographical significance.
[^104]: (1996) RPC 281 at 296; cited in Gyngel, *supra*, note 20, at 73; the court found that the defendant’s spread was not similar to the goods covered by the plaintiff’s registration which are dessert and sauce syrups.
Uses such as descriptive and decorative uses were held not be infringed. In *Mother Care UK Ltd. v. Penguin Books Ltd*\(^{105}\), the publication of a book by the defendant with the title ‘Mother Care- other care\(^{106}\), was held not to infringe the plaintiff’s ‘Mother Care’ trade mark because the words were being used in a descriptive sense and not a trade marks sense.

The English Trade Marks Act, 1994 protects a third party using the registered trade mark where it is necessary to indicate the intended purpose of a product or services if the goods of the defendant are intended to be capable of being used as accessories or spare parts for product sold under a trade mark. The nature of this defence was considered in *Bayerische Moren Werke AG (BMW) v. Deenik*\(^{107}\), which concerned the use of the mark BMW by a dealer specializing in the sale of second-hand BMW cars and in repairing and maintaining ‘BMW’ cars who was not an authorized dealer in such cars. BMW claimed that when the defendant described himself as specialized in the repair and maintenance of BMW he made unlawful use of the BMW mark. The ECJ disagreed explaining that in these circumstances the defendant could rely on the defence in Article 6 (1) (c) of the Directive. This was because the defendant could not communicate the fact that he repaired and maintained BMW cars without using the ‘BMW’ mark. In relation to the question of whether the use was necessary to indicate the intended purpose, the ECJ said “if an independent trader carries out the maintenance and repair of BMW cars or is in fact specialist in the field, that fact cannot in practice be communicated to his customers without using the BMW mark. Thus, the use of the mark was necessary to indicate the intended purpose”.

\(^{106}\) Which was a sociological study of the problem facing working mothers.  
However, in Aktiebologet Volvo v. Heritage (Leicester)\textsuperscript{108}, the High Court granted summary judgement against a former Volvo dealer, who, when the dealership had come to an end in 1995 referred to himself as an independent Volvo Specialist. Applying the proviso, the judge said that the test was whether a reasonable motor – car service provider would think that what the defendant had done was honest. Giving surrounding circumstances including the fact that the defendant had sent out a series of letters that implied a continued connection with Volvo, the judge concluded that defendant had no arguable case.

(b) \textbf{Parallel Import and Exhaustion of Trade Marks Rights}

A person who becomes the owner of a trade mark after lawful sale is free to sell or use the trade mark in relation to goods without committing any sale infringement. The goods must not undergo any change. The lawful sale can be made by the registered owner or licensee\textsuperscript{109}.

According to Bainbridge\textsuperscript{110} exhaustion of rights can be illustrated by means of an example, say that Bear Holding plc is a patent company making teddy bears and other fliffty animal. It has subsidiary company located and trading in France, called La peluche Sar. The patent company uses a trade mark on its goods. The France Company (the parent) has the right to use the mark in France only and is not permitted to export its teddy bears to the UK. The sale price of the teddy bears is less in France. A third party entrepreneur buys a large number of the France bears and exports them to the United Kingdom where he sells them, under cutting Bears Holding plc which would like to prevent the entrepreneur selling the bears in the UK.

\textsuperscript{108} [2000] FSR 253; cited in Bently, id.
\textsuperscript{109} WIPO, Supra, note 58, at 98.
\textsuperscript{110} Bainbridge, supra, note26, at589.
The case of Silhouette International Schmied Gmb H &Co KG v. Hart Lauer Hondelsgesce Uschaftmb\textsuperscript{111}, involved the sale in Austria of spectacle frames under the trade mark ‘Silhouette’. A consignment of the goods of a design that was no longer considered fashionable had been sold and delivered by Silhouette to a firm in Bulgaria. The transaction had been arranged by Silhouette’s Middle East representative who had been instructed by Silhouette to sell them on in Bulgaria or the state of the former Soviet Union and not to export them to other countries. The defendant subsequently acquired the goods and offered them for sale in Austria. The ECJ held that the effect of the Directive is that it is not open to Member State to apply a doctrine of international exhaustion where the goods in question come from outside the EEA. The court specifically held that any national rules providing for exhaustion of trade mark rights in respect of products put on the market outside the EEA under the trade mark by the proprietor or with his consent, was contrary to Article 7.

The principle of exhaustion applies where the same person owns the mark in the country of import and export. It also applies where the parties are economically linked, for example as subsidiaries of the same group. However, economic linkage does not cover the situation where an assignment of the trade marks right occurred\textsuperscript{112}.

The English Trade Marks Act, 1994 provides for the principle of exhaustion of rights\textsuperscript{113}. According to Torreman\textsuperscript{114} “this has particular relevance in the European context where the principle of the single market has obliged community law to assert that the circulation of goods in any one member state equates to their circulation in

\textsuperscript{111} [1998] E TMR 539 – 628, cited in Morcom, \textsuperscript{Supra}, note 14, at 218.
\textsuperscript{112} Bently, \textsuperscript{Supra}, note 101, at 882.
\textsuperscript{113} S. 12 (1)
\textsuperscript{114} Torreman, \textsuperscript{Supra}, note 10, at 387.
all such states, unless any of the standard objections to free movement principle apply”.

A trade mark proprietor can be able to rely on his exclusive right and to prevent imports of repackaged product by preventing importation of such products\textsuperscript{115}. Here, the right will not have been exhausted. The cases where a trade mark proprietor will be able to prevent parallel imports of repackaged products include: Firstly, where the repackaging affects the goods in some way confusing consumers as to origin of the goods\textsuperscript{116}. Secondly, where the use of the trade mark by the third party is liable to impair the guarantee of origin. The guarantee being that the trade marked product has not being subject at a previous stage of marketing to interference by the third party without authorization of the trade mark owner in a way affecting the original condition of the product\textsuperscript{117}. Thus, in Bristol – Myers Squibb v. Paranova\textsuperscript{118}, it was argued that the repackaging of blister packs with different use might lead to the sale of products which might have been stored for too long. The Court of Justice did not consider this to be a real risk.

Thirdly, where the presentation of the product sold to the consumers would damage the trade mark’s reputation because the repackaging is defective, untidy or of poor quality. Thus, in Colgate – Palmolive Ltd v. Mark Well Finance Ltd\textsuperscript{119}, the USA parent company of the UK company and the Brazilian company owned trade marks registered in the UK and similar marks registered in Brazil. The defendant

\textsuperscript{115} Where proprietor genuine products, are put on the market in country A at lower price than in country B, and a third party buys the product in country A and export them to country B, (and a third party buys the product in country A and export them to country B) there by undercutting the relation of goods in country B; Gyngel, Supra, note 20, at 219.


\textsuperscript{117} Or altering the goods for example a trader which manufactures and sells video – game consoles under a particular registered mark in France may wish to prevent another trader from exporting the console from France to the UK opening the packaging adding adapter to enable the console to work in the UK and selling the repacking products. Where the repackaged goods do not clearly indicate the origin of the adaptors.

\textsuperscript{118} [1997] ECR 1 – 3457; cited in Bently, Supra, note101, at 887.

\textsuperscript{119} [1989] RPC 497, the UK courts had the opportunity to consider parallel importing from Brazil; cited in Bainbridge, Supra, note 26, at 592.
imported into the UK and sold the toothpaste in Brazil, which was of poorer quality than that made in the UK. The UK Court of Appeal held that the UK trade marks were infringed, and the defendant’s argument that the parent company had expressly or impliedly consented to the importation was rejected because it would amount to a misrepresentation to consumer as to the quality of the goods.

The court is required to take into account the damage – luxury or otherwise – of the product in question and their reputation in the marketplace. Thus, in Christian Dior v. Evora\textsuperscript{120}, the defendant had obtained a quantity of the plaintiff perfumes by means of parallel imports. The defendant was not an approved retailer but ran a chain of chemist’s shops in the Netherlands. It advertised that it had the plaintiff’s perfumes for sale by means of leaflets showing bottles and packaging of the plaintiff’s perfume by reproducing in its publicity the boxes in which the perfumes were sold. These boxes obviously carried the trade mark. The court refused the relief sought by the plaintiff. The defendant habitually marketed articles of a similar kind to those of the plaintiff though not of the same quality, in a manner of advertising customary in the defendant’s sector of the trade. The proprietor of the trade mark failed to show that, in the specific circumstances, the defendant’s use of the trade mark would seriously damage the reputation attaching to the trade mark.

Fourthly, if parallel importers alter the mark, the trade mark owner has the right to prevent parallel import. In the case of Pharmacia & Upjohn v. Paranova\textsuperscript{121}, Upjohn marketed an antibiotic called “Clindamycin” throughout the community. Upjohn used the trade mark Dalacin in Denmark, Germany and Spain and the trade mark Dalcine in France. Para nova bought Clindamycin capsules in France, which had been put on the market there by Upjohn under the Dalacin trade mark. Para nova

\textsuperscript{120}. [1998] RPC 166, cited in Bainbridge, \textit{Supra}, note 26, at 589; Torreman, \textit{Supra}, note 10, at 408; the court must balance between the interest of the trade mark owner and the interests of the reseller to resell goods, the importance of this balance was addressed by this case.

bought the Clindamycin with the intention of reselling the antibiotic in Denmark. In importing the drug into Denmark, par nova sold it under the different name of Dalacin, the mark that Upjohn used in Denmark. As part of a trade mark infringement action brought by Upjohn against Para nova, the question arose as to whether Para nova could reaffix the mark in this manner. The ECJ said that there is no objective difference between reaffixing a trade mark after repackaging and replacing the original trade mark by another which is capable of justifying the artificial portioning being applied differently in each of these cases. The ECJ held that the trade mark rights in the importing state might allow the proprietor of trade mark to prevent the mark being replaced.

Nevertheless, a trade mark proprietor cannot prevent parallel imports of repackaged products in certain three circumstances: firstly, where the use of his trade marks right to prevent parallel imports will contribute to the artificial partitioning of markets between member states. Thus, in Centraform v. American Home Product Corp, a drug was marketed in the UK under the name ‘Serenid’ and in the Netherlands under the name ‘Seresta’. Both marks were owned by AHP and it was held that AHP could not prevent the parallel importing of the drug as its use of several trade marks was intended to put up the market artificially contrary to article 30.

Moreover, the repackaging cannot adversely affect the original condition of the product. Furthermore, the parallel imports implies with certain obligations as to labelling and provision of samples. Secondly, repacking by the parallel import is necessary and therefore justified where different package sizes are used in different member states, even if one size is common to the member states of import and

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122. Partitioning is artificial if the trade mark owners’ reliance on his rights cannot be justified by the need to safeguard the essential function of the trade mark. This is an objective test. In particular, where a product cannot be imported in the condition in which it has been marketed in the member state of export without repackaging, because of different packages size.

123. [1979] ICLR 326, cited in Bainbridge, Supra, note, 26 at 590.
export\textsuperscript{124}. Thirdly, the nature of the product and the method of repackaging must be considered by the national court to determine whether the repackaging poses a risk that the original condition of the product inside the packaging may be affected\textsuperscript{125}.

To apply the doctrine of exhaustion of rights, the parallel importer must comply with the following conditions: first, he must indicate on the external packaging who manufactured the product, printed in such a way to be understood by a person with normal eye sight. Secondly, he need not state the repackaging was carried out without the authorization of the trade mark proprietors. In Song Computer Entertainment v. Tesco Store\textsuperscript{126}, the statement ‘this product has been opened to fit an adaptor to enable it to be used in the UK three – pin power sockets and to include an optional RFU adaptor repacked for Tesco stores UK’ was considered as probably insufficient to discharge the onus on the importer or seller of dispelling any impression that the trade mark owner is responsible for it.

Thirdly, if the parallel importer has added an extra article to the repackage, he must ensure that its origin is indicated to dispel any impression that the trade mark owner is responsible for it. Fourthly, the parallel importer must give the trade mark owner advance notice of the product being out on sale and the trade mark owner may require the importer to supply him with a specimen of the repackaged product before it goes on sale\textsuperscript{127}. Hence, giving notice is condition precedent to the legitimacy of marketing. Thus, in Glaxo v. Dowe Thrust\textsuperscript{128}, the court took the view that this was sufficient, what counts being the fact that the trade mark owner receives notice. Notice of one or two days notice was sufficient.

\textsuperscript{124} However, the trade mark owner may prevent the use of this trade mark on the repackage product of the repackaging is unnecessary. This is when the importer is able to attain the same result without repackaging, by affixing to the external packaging a new label in the language of the member states of the importation.
\textsuperscript{125} The hypothetical risk isolated error like the risk that blister packs may be stored for too long before resale, will not suffice to confer on the trade mark owner the right to prevent all repackaging.
\textsuperscript{127} Gyngel, \textit{Supra}, note 20, at 221.
The Trips Agreement expresses the principle of exhaustion of rights generally\textsuperscript{129}. For the purpose of dispute settlement under the agreement, subject to the provisions of article 3 and 4, nothing in the Agreement is to be used to address the issue of the exhaustion of intellectual property rights.

\textbf{(c) The Use of Similar Marks in Different Languages}

Under the Sudanese Trade Marks Act, 1969 the owner of a trade mark cannot prohibit the use of a trade mark with a similar name written in another language. Thus, in Hamaza Mohammed Chabrawashi v. Sudan Perfumery Co\textsuperscript{130}, the applicant registered the trade mark of a perfume ‘Bienaime’ in Egypt, and the Arabic equivalent, ‘Elhabiba’ in the Sudan. Applicant brought this action in opposition to the registration of respondent mark. The court held that the applicant had no cause of action to oppose registration of a trade mark on the grounds that he had an identical trade mark registered in Egypt. The court further declared that, taking into considerations all factors including the category of customers involved the trade mark in French “Bienamie” was not likely to deceive purchaser of the perfume trade mark with similar name written in Arabic.

Unlike the English Trade Marks Act, 1994 the Sudanese Trade Marks Act, 1969 does not include the word “or cause confusion”; a plea of mere confusion cannot be made in Sudan. Thus, in Hamaza Mohammed Chabrawhi v. Boxall and Co\textsuperscript{131}, the plaintiffs were the owner of the registered trade marks consisting of the word ‘Caline’ registered for perfumery and all toilet preparations. The defendants applied for registration under the same class of a trade mark consisting of the word ‘kleen’ both in Arabic and English to be used for the perfumery and toilet preparations. It was alleged on the part of the plaintiff that the defendant’s trade mark was identical with or so newly resembling plaintiff’s trade mark as to be calculated to deceive. It

\textsuperscript{129} Art. 6.
\textsuperscript{130} (1962), S. L. R, 206.
\textsuperscript{131} (1963) Sudan L. S. R. 95.
was held that a trade mark infringes another if it is so resembling that it is “likely to deceive.” “Calculated to deceive” does not simply mean intention to deceive. No question of identity arises and resemblance is only in connection with pronunciations of the two words. The objection was rejected and the registrar of trade marks was directed to proceed with registration of the defendant’s trade mark.

(d) Other Defences of Uses

The English Trade Marks Act, 1994\footnote{\textit{S. 11.}} Contains three circumstances of uses in which a registered trade mark is deemed not to be infringed: use of a registered trade mark, descriptive use and use of earlier right.

A registered trade mark cannot be infringed by the use of another validly registered trade mark in relation to the goods or services for which the latter is registered\footnote{\textit{S. 11 (1).}}. Honest concurrent use does not by itself provide a defence; it is only when the second mark is registered. In \textit{Second Sight Ltd v. Novell UK Ltd},\footnote{\textit{[1995] RPC 423; Cited in Gyngel, Supra, note 20, at 198.}} the court confirmed that it is registration which affords the defence and nothing before or less than registration. Accordingly, both proprietors will have concurrent right in the use of their respective trade marks notwithstanding that this may create confusion.

The use of an earlier right is the use in the course of trade of an earlier right that will not infringe a registered trade mark in certain circumstances\footnote{\textit{S. 1 (3).}}. For this purpose, an ‘earlier right’ means the unregistered trade mark; or any other sign which has been continuously used in relation to goods or services. Such use commenced prior to which ever is the earlier of the use of the registered trade mark; or the registration

\begin{footnotes}
\item[132] \textit{S. 11.}
\item[133] \textit{S. 11 (1).}
\item[134] \textit{[1995] RPC 423; Cited in Gyngel, Supra, note 20, at 198.}
\item[135] \textit{S. 1 (3).}
\end{footnotes}
of that registered trade mark\textsuperscript{136}. However, the right to continue the use of an earlier right as a defence is restricted to use within the particular locality where the earlier right would be protected by virtue of any rule of law; in particular, the law of passing off. This requirement will mean that the defendant may have to add the evidence of the reputation or good-will that would have to prove in passing-off action.

Use of a registered trade mark for the purpose of comparative advertising and spare part or accessories also constitutes a defence\textsuperscript{137}. Comparative advertising is the term used to describe advertisements where the goods or services of another trader are compared with the goods or services of another trader. To show advertiser’s wares in favourable light by emphasizing different things such as price, value, durability, or quality. Advertisers often refer to the competitor’s products or services by their trade marks. That is the use of identifying the proprietor goods or services\textsuperscript{138}.

However, this defence will not apply if the use is otherwise than in accordance with honest practice or commercial matters, and without due cause takes unfair advantage of; or without the due cause is detrimental to the distinctive character or repute of the trade mark, i-e if his goods or services are of inferior quality or if value of the proprietors trade marks as a chose in action in some way diminished like the value of the trade mark as intellectual property which is capable of being licensed.

\begin{footnotesize}
\begin{itemize}
  \item[\textsuperscript{136}] This means that some one can continue o use their unregistered trade mark or other sign where it has been used continuously since before both the use and the registration of the registered trademark without infringing that registration.
  \item[\textsuperscript{137}] S. 10 (6) of the English Trade Marks Act, 1994.
  \item[\textsuperscript{138}] Bently, Supra, note101, at 869; Gyngel, supra, note 20, at 203;Colston supra, note 21, at 390 – 392; the logic behind this defence is that comparative advertisement would increase consumer knowledge and promote fair competition. Also, government and industry has been persuaded that there is no harm in comparative advertisement considered by the public to be an acceptable method to market one’s product.
\end{itemize}
\end{footnotesize}
Each case has to be judged on its own merits in determining whether comparative advertisement is honest. In Barclays Bank Plc v. R.B S Advanta\textsuperscript{139}, the defendant RBS intended to market a new credit card and sent out 200,000 pilots samples of advertising literature. After complaint from Barclays, the literature was amended and RBS intended to use the amended literature in support of the launch of the new credit card. The amended literature comprised a leaflet setting out 15 points stating why the RBS credit card was a better credit card all round, accompanied by a brochure incorporating a comparative table including express reference to BARCLAY CARD which was the trade mark owned by the plaintiff. Barclays applied for an interlocutory injunction to prevent the launch of RBS’s credit card and in dismissing Barclays’ claim, the court held “first, that the onus is on the plaintiff to prove dishonest and that unfair advantage had been taken of the mark without due cause and there will be no infringement unless the use of the registered trade mark is not in accordance with honest practice in industrial and commercial matters. Secondly, honesty of the defendant practice is to be determined objectively”. The test to apply was the reaction to the advent by member of reasonable audience\textsuperscript{140}.

However, in Emaco and Aktiebolgget Elettlux v. Dyon Appliances\textsuperscript{141}, the use of the graphs in advertising purporting to depict independent test of the suction of vacuum cleaner when in fact only the claimant’s vacuum cleaner had been tested and then using Kolin power. The court held that the advertisement was thoroughly misleading and thus not in accordance with honest practices.

\textsuperscript{139} [1996] RPC 307, cited in Gyngel, \textit{Supra}, note 20, at 205; the decision of this case was followed later in 1996 in the case of Vodafone Groupe Plc v. Orange Personal Communication Services Ltd, [1997] see Gyngel \textit{id}, at, 207.

\textsuperscript{140} The test is whether a reasonable trader could honestly have made the statements based on the information available to him, and not the defendants’ belief in the truth of their statements.

There are other statutory defences like disclaimers and limitations and the right of co–proprietors\textsuperscript{142}. It will be a defence to an action for infringement if the defendant’s use of a sign falls within any disclaimer or limitation to the right conferred by the registration\textsuperscript{143}.

A co-proprietor can do any thing which would otherwise amount to infringement of the registered trade marks subject only to any agreement between the co-proprietors to the contrary\textsuperscript{144}.

Where the plaintiff’s complaint relates to the use of a registered mark by the defendant, the defendant may be able to set up the defence of acquiescence on the part of the plaintiff if the defendant’s use has been continuous for at least five years\textsuperscript{145}. The defendant’s registration must not have been applied for in bad faith, where the registration has been subject to a disclaimer or is limited in some other way\textsuperscript{146}.

Another defence of use provided by English 1994 Act, is that it is not an infringement of such a mark to continue any use which did not amount to infringement of the existing registered mark under the old law”\textsuperscript{147}. This enable broader continued use of old marks.

Apart from these restrictions, trade mark owners are subject to many restrictions in the stage of registration.

\textsuperscript{142} Gyngel, \textit{Supra}, note 20, at 214.
\textsuperscript{143} S. 13(1) of the English Trade Marks Act. 1994.
\textsuperscript{144} S. 23 (3).
\textsuperscript{145} S. 48.
\textsuperscript{146} Where it is restricted to a specified territory use of the mark consistent with the disclaimer or limitation does not infringe because the right conferred are restricted accordingly (S. 13).
\textsuperscript{147} Transitional and general provision in schedule 3,para4 (2); for example a person who continues to use a mark for dissimilar goods, who continues to use a mark for dissimilar goods, who would now be liable under section 10(3); is able to continue use after 31 october1994.
(iii) Duration of Trade Marks Rights

Under the Sudanese Trade Marks Act, 1969 the term of trade mark rights is ten years from the date of registration. The registration of a mark may be renewed for ten years upon filing of an application in the prescribed manner and payment of the prescribed fee within 6 months before the expiration of the term of registration or any subsequent term\textsuperscript{148}. A grace period of six months after the expiration of the term of trade mark is allowed for its renewal subject to payment of an extra charge\textsuperscript{149}.

Under the Sudanese Trade Marks Act, 1969, a trade mark lapses after ten years, and before that period, for three reasons: first, the non – payment of fees; secondly, the renunciation of registration by the registered owner\textsuperscript{150}, thirdly, the cancellation of the registered mark by the court at the request of any interested person or the registrar for non – entitlement of the work to registration, or fraudulently obtaining the mark, or for non – use of the mark during the five consecutive years preceding the allegation of non- use\textsuperscript{151}. Thus, in Coca Cola Co. v. Sinalco Arkiengesclischaft\textsuperscript{152}, the court held that a registered mark fell to be cancelled where the only user proved during the relevant period was the import of a small quantity of commodity concerned on the day on which the plaint was filed and its sale at loss. The court further held that an alleged infringer of a trade mark must always be ‘a person interested’ within the meaning of the section.

In the laws of other countries, duration varies from ten years to twenty years. In the European continent, such as Germany and France, the term is ten years from the date of filing. In the USA, the term is twenty years from the date of registration\textsuperscript{153}. Under the Madrid Agreement concerning the international registration of marks,

\textsuperscript{148} S. 19 (1).
\textsuperscript{149} S. 19 (3).
\textsuperscript{150} S. 23
\textsuperscript{151} S. 24
\textsuperscript{153} WIPO, Supra, note 58, at 169.
1891 the international term of a trade mark is twenty years. The renewal period is also twenty years\textsuperscript{154}. Under the English Trade Marks Act, 1994 the duration of trade mark right is ten years, which is renewable for further ten – years period\textsuperscript{155}.

The Trips Agreement provides in its first sentence that “vital registration and each of renewal of registration of a trade mark shall be for a term of not less than seven years”\textsuperscript{156}. The Trips Agreement further provides that the registration of trade mark shall be renewable indefinitely\textsuperscript{157}. The Paris Convention has no corresponding rule. According to the Trade Marks Law Treaty, 1994, the duration of each term is ten years\textsuperscript{158}. The Paris convention contains no corresponding rule but all states parties to the Paris Convention allow the renewal of registration.

(3) \textbf{Conclusion}

upon the examination of the nature of trade marks under the Sudanese Trade Marks Act 1969, English and American laws together with the provisions of the Paris Convention, Trade Marks Law Treaty and Trips Agreement, it is clear that a trade mark is a symbol designed to indicate the responsibility and quality of the goods placed before the public. There are many forms and many cases analogous to trade marks.

The discussion also includes in detail the different legal systems mentioned above, the registration of trade marks as domain names, rights protected by trade marks law through use or through registration and the limitations which are imposed on the trade marks rights. The trade mark protection may be unlimited in time, because of the grant of the renewal period that extends the protection for longer terms.

\textsuperscript{154} S. 6, 7.
\textsuperscript{155} S. 42 (1).
\textsuperscript{156} Art. 18.
\textsuperscript{157} Art. 18, the second sentence.
\textsuperscript{158} Art. 13 (7).
Chapter 6
Assignment of Copyright and Related Rights

This chapter deals with the basic principles of assignment of copyright and related rights in the Sudanese law and the Trips Agreement.

Copyright is movable property and may be transferred by assignment, testamentary disposition or operation of law. The USA Copyright Act, 1976 (as amended) defines the term transfer of copyright ownership as meaning “to convey any conveyance alienation or hypothecation, including assignment, mortgages, and exclusive licence, but not including non–exclusive licence.”

The economic rights of an author can be transferred in whole or in part for valuable consideration. The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 adopts this approach. The Act distinguishes between two situations in discussing the transfer of copyright which are transfer in author’s life time and transfer on death.

The film right in a novel or the performance right in a play can be transferred separately from the right of printing and publishing. But in the Roman legal tradition, copyright is a personal right incapable of assignment, it can only be licensed. In the socialist states legal systems, economic rights of author can only be transferred to third parties for the use of work in the foreign country. Inside the state of the author, the work can only be licensed for a limited time.

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2. S. 101.
3. Unesco, the ABC of Copyright, 64 (1981).
4. From s. 15 to 21.
The USA Copyright Act, 1976 provides for the principle of divisibility of copyright\textsuperscript{5}.

An author’s right can be transferred during his life or on his death.

(1) **Transfer in the lifetime of the author**

(i) **Contracts Relating to the Exploitation of Author’s Right**:

Transfer of copyright is usually by contract. An exception to this rule is the film production agreement. According to Bently\textsuperscript{6} “Where a contract concerning film production is concluded between an author and a film producer, the author is presumed to have transferred his or her rental right to the film producer”. The presumption only operates in relation to authors of literary, dramatic, musical and artistic works. It does not apply to the director of a film, author of a screen, dialogue or music in a film. This presumption can be rebutted by implied or express agreement to the contrary. The Sudanese Copyright and Neighbouring Rights Protection Act, 1996 differs from the previous 1974 Act in allowing transfer of moral rights. Under 1974 moral rights had continuing relationship with the author even after the transfer of economic rights. This is the provision of copyright law for many countries.

Under the Sudan Copyright and Neighbouring Rights Protection Act, 1996 the user of copyright must exploit it in accordance with the terms of contract of transfer. From his right the author must refrain from doing any act which is likely to hinder the use of the right transferred. However, the author may stop his work from circulation; he may make an alteration, deletion or addition therein\textsuperscript{7}. This is a contradiction. It means that a moral right remain with the author even if the work is transferred \textsuperscript{8}. The moral rights are for recognition of the author’s character, identity or personality.

\textsuperscript{5} s. 101; Joyce, etal, Copyright Law, 289 (1995).
\textsuperscript{7} s.16 (1).
\textsuperscript{8} Tier, Lecture Notes for L.L.M Students
but the economic rights are for term of money. To resolve this conflict the 1996 Act provides that before the author can exercise these rights, he must seek and obtain the agreement or the consent of the copyright owner. If the parties cannot agree, the author must pay fair compensation to the new owner and this amount is assessed, fixed or determined by the court.

All national legislations concentrate on author’s contract concerning exploitation of his work. This is designed to compensate the author for structured weakness in relation to the primary user\(^9\). Hence, in every copyright contract it is essential to know the rules applicable to substance and form of contracts.

(a) **Rules Applicable to the Substance of Contract in General**

Provisions applicable to the substance of contracts in general concern three main factors: firstly, the consent and the capacity of the author; secondly, the scope of the agreement. Finally, the remuneration of the authors\(^10\). Concerning consent and capacity, few legislations contain provisions explicitly governing the consent of the author because such requirement is self-evident. It is in relation to scope of the contract that copyright laws have established the greatest number of rules for author. Remuneration of the author is also one of the national copyright laws where the total contractual freedom is liable to be detrimental to authors. The principle adopted in a number of countries is that of making remuneration proportionate to the proceeds from the exploitation of the work. In some countries, a contract may be wholly or in part rescinded if it is inequitable or if it is contrary to commercial practice to consider it as valid. In the majority of countries there are no such rules. Instead the legislator provides for a more restrictive approach concerning the form of contract. Under the Sudan’s Copyright and Neighbouring Rights


\(^{10}\) *Id.*, at 66, the consideration of the assignment is payment by way of royalties or a lump sum.
Protection Act, 1996, there are statutory terms of contract. In the United Kingdom there is no provision relating to interpretation of a contract but judicial precedents close this gap in the law.

Conflict of laws rules are applied to foreign assignments. The principles of foreign law applied to the agreement to determine the nature and the extent of the right assigned\textsuperscript{11}. Thus, in *Rewood Music Ltd. v. Francis Day and Hunter Ltd*\textsuperscript{12}, the court was required to construe a number of agreements made between certain publishers and the widow of deceased song writers whereby the widow assigned the US renewal right to the publishers in terms wide enough in some cases to carry the English reversionary rights to the publisher. It was accepted that the contracts were governed by New York Law and after hearing evidence the judge held that there was no material difference between the New York and the English rules of construction except that, if there was ambiguity, the New York courts were generous in their admission of extrinsic evidence, than the English courts. He then proceeded to construe the agreements in accordance with English law.

According to Bainbridge\textsuperscript{13} “the person who executes the assignment may be acting as the agent of the assignor and the general rules of agency apply. It is in the intended assignee’s interest to satisfy himself as the authority of the agent”. The case of *Beloft v. Press Dram Ltd*\textsuperscript{14}, involved the publication of a memorandum written by the plaintiff (an employee of the *Observer* newspaper), by *Private Eye*. The memorandum referred to a conversation between the plaintiff and a prominent member of the government, in which the latter said that if the Prime Minister were to run under a bus, he had no doubt that a certain Mr. Mould would take over as

\textsuperscript{11} Vitoria, *the Modern Law of Copyright and Designs* 876 (3ed. 2000).
\textsuperscript{12} [1978] RPC 429, cited in Vitoria, id.
Prime Minister. The Observer owned the copyright in the memorandum and the editor attempted to assign it to the plaintiff so that the plaintiff could sue the publisher of Private Eye. However, as the editor had never before executed an assignment on behalf of the Observer and had no express authority to do so, the purported assignment was ineffective. Neither could there be any implied authority because any representation made by the editor that he had authority had not induced the plaintiff to enter into the assignment or take any relevant step.

(b) **Rules Applicable to Forms of Contract in General**

The rules applicable to the forms of contract in general are widely held to be required in most countries. It seems to be a condition of validity or a means of proof or evidence\(^\text{15}\). Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 contractual transfer is subject to certain formal requirements. Firstly, it must be in writing. Secondly, it must be signed by the author or his agent. Thirdly, it is registered in the Registrar’s Office. Finally, it must specify the right which has been transferred, the period, the manner and place of exploitation and such other conditions as may be necessary for better execution of copyright ownership\(^\text{16}\). Thus, oral assignment cannot protect an assignee against the assignment infringement, but may be treated as an equitable assignment\(^\text{17}\). The same formal requirements are found in the English Copyright, Designs and Patents Act, 1988. A receipt of the purchase money or the words on an invoice can be enough to meet the requirement that the assignment be in writing\(^\text{18}\). Thus, in *London Printing*

\(^{15}\) id., At 71.
\(^{16}\) s. 15 (2).
\(^{17}\) James, *Copinger and Skone James on Copyright*, 155 (1971).
\(^{18}\) Leaper, *Copyright and Performing Rights*, 165 (1957).
Alliance v. Cox\(^{19}\), the words on the invoice were “for pastel picture and entire copyright on the threshold $52105” were treated as an assignment.

In the case of Wilden Pump Engineering Co. v. Fusfled\(^{20}\), the court held that the sale of ‘all of the assets and liabilities evidenced by the balance sheet of a sole proprietor was not effective to transfer the copyright in drawings for pumps manufactured by him in the business, it being conceded that the balance sheet would not have referred to the copyright’.

Under the USA Copyright Act, 1976 a transfer of copyright ownership is not valid unless an instrument of conveyance, or a note or memorandum of the transfer is in writing and signed by the owner of the rights\(^{21}\). Thus, in Klasmer v. Baltimore Football Inc\(^{22}\), the court held that "if all written copies of the assignment have been lost, oral evidence as to the fact of written assignment will be admissible".

Do not rely on e-mail to satisfy the “signed writing” requirement that contract be in writing\(^{23}\). Thus, in Ballas v. Tedesco and Ballroom Blitz Music Inc\(^{24}\), the court discussed the question of whether an e-mail satisfies the requirement of the copyright acts to “signed writing”. The court held that the e-mail at issue in this case was not “signed”\(^{25}\).

Check legends could not be considered as an earlier agreement to transfer of copyright\(^{26}\). Thus, in Tasini v. New York Co\(^{27}\), the case involves six freelance authors who wrote a total of illustrated articles for

\(^{19}\) [1891] 3ch. 29, see also Savory LTD v. the World of Golf [1914] 2ch. 566.

\(^{20}\) [1985] 87781 PR 250, cited in Vitoria, supra, note 9, at 866; see also, Lacy v. Toole, 1867] 15 LT 512, a letter from an author to his landlord was held to be an assignment of performing rights in the drama. See also Taypar LTD V. Santic, (1990) 17 IPR 46.

\(^{21}\) s. 204.


\(^{23}\) Http://WWW. Laderupress.Com, Cyberspace and New Media law Center, Ownership of Copyright, Internet and Business Hand book.

\(^{24}\) 41 F supp 2d 531 (DN) 1999, cited in id, at 6 – 7.

\(^{25}\) The issue should be clarified either though amendments to Copyright Act or through out a general Federal Electronic, Records Law.


\(^{27}\) 972 F supp, 804 (S D. N. Y) rch’g denied, 981 F supp 841 (SDNY) 1997.
publication in the New York Times, News Day and Sports between 1990 and 1993. These publishers then sold the contents of periodical to Meal Corporation “lexis” and University Microfilm Inc (UMI) for inclusion in their electronic databases. The issue was whether the plaintiff authors had contractually transferred electronic publishing rights to the publisher. News day depended on the check it issued to authors in payment of their work, which including a legend stating that “by signing the check the author agreed to include such material or their articles in electronic library archives”. The check legend was held deficient by the court on the ground that the plaintiff articles were already been published by the time they received the check. Also the court found that the ambiguous drafting of the check legends militated against any finding that they constituted an express transfer of electronic rights in the plaintiff's article. The court held that there was no valid contractual transfer by the plaintiffs.

Some countries, like Federal Republic of Germany, do not require formalities of contract but writing is essential. Most national legislations require writing to facilitate the intended interpretation.

(ii) The Copyright and the Material object

Title to copyright differs from the material object which embodied it. The distinction between them is a classical one. It is expressly provided for in the legislation of a number of countries\(^\text{28}\). The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 expressly provides that "the transfer of material object of a work shall not imply transfer of economic rights to the owner of such object unless stipulated otherwise in the contract for the transfer of the object"\(^\text{29}\). Also, the English Copyright, Designs and Patents Act, 1988 states that the transfer of the material object does not mean the transfer of the title to copyright

\(^{28}\) Bently, supra, note6, at 255.

\(^{29}\) s. 19 (4).
and vice versa\textsuperscript{30}. For instance, the purchaser of a portrait has no right to reproduce it unless he acquires an assignment or licence of copyright\textsuperscript{31}. Thus, in Cooper v. Stephens\textsuperscript{32}, the plaintiffs were the registered owners of copyright in books containing illustrations, drawn by themselves, of carriages, and their principal business was to supply the drawing to person in the carriage trade for advertising purposes, the copies being generally printed by themselves and supplied to customers on advertising sheets. Occasionally the plaintiff, for money considerations, supplied elector blocks of the drawing in order that customers might themselves print the designs with other matter not printed by the plaintiffs. For this purpose they sold electo blocks to L. There was no written agreement with, or licence to, L with reference to the use of the blocks. The defendants, with the permission of L, used these blocks for printing drawings which they published. The court held that the plaintiffs were entitled to an injunction to restrain the defendant from using the block, notwithstanding the permission of the purchasers because the sale of the block could not have the effect of assignment to copyright.

So, the purchaser has a property right in the physical object but has no right in the copyright. This according to Bainbridge\textsuperscript{33} may be inconvenient and courts will construe any document to keep the two forms of property together. Thus, in Savory (EW) Ltd v. The world of Golf Ltd,\textsuperscript{34} it was held that a written receipt for a card designs ‘inclusive of all copyright’ was sufficient to assign the copyright to the purchaser.

\begin{itemize}
\item \textsuperscript{30} s. 90 (1).
\item \textsuperscript{31} James, supra, note 17, at 150, Miller, Intellectual Property, 376 (2000).
\item \textsuperscript{32} [1895] Ch. 567, see also Phillip v. Pennel (1977) 2 Ch. 577, where the writers’ biography, although they were lawful in possession of whistler’s letter and were authorized to write biography, were held not to be entitled to publish them, or any extract from them or paraphrases.
\item \textsuperscript{33} Bainbridge, supra, note 13, at 87.
\item \textsuperscript{34} [1914] 2 Ch. 566.
\end{itemize}
The same position is taken by French law\textsuperscript{35} and United States Copyright Act, 1976\textsuperscript{36}. This statute abolishes the earlier common law rule established in such cases as Pushman v. New York Graphic Society Inc\textsuperscript{37}, under which the sale of a work operated as an assignment.

To conclude this section on the distinction between copyright and the material object, it is to be noted that although this distinction is self-evident, it causes confusion in most countries, consequently, disputes arise in courts. This made the legislatures of most countries, especially USA and UK, to intervene and provide expressly that sale of material object does not imply the sale of copyright.

(iii) The Nature of the Doctrine of Divisibility of Copyright

Copyright may be conceived of as divisible or indivisible. The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 adopts the former. On the other hand, the doctrine of indivisibility is prominent in the old English and American copyright cases. According to Nimmer\textsuperscript{38}, this is based on the assumption that copyright Act speaks of single ‘copyright’ to which the author of a work is entitled and, refers in the singular to the ‘copyright proprietor’. It is inferred that the bundle of rights which accrue to a copyright owner are ‘indivisible’. Moreover, a transfer of divisible right is said to be ‘a licence’ rather than an assignment. This is designed to immune the alleged infringers from anxiety of successive lawsuits. When the doctrine of indivisibility was established the only available method of exploitation was reproduction by copies. Today, the position is changed by the contemporary media of communication. Accordingly, the doctrine was judicially modified.

\textsuperscript{35} Colombet, supra, note 9, at 67.
\textsuperscript{36} s. 202.
\textsuperscript{37} 287 N. Y 302, 39 NE 2d. 249 (1942), cited in Nimmer, supra, note 23 at 541.
\textsuperscript{38} Nimmer, id , at 512.
Under the USA Copyright Act, 1976 copyright may be transferred in whole or in part\textsuperscript{40}. Similarly, under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 copyright can be transferred wholly or partially\textsuperscript{39}. The English Copyright, Designs and Patents Act, 1988 is also similar\textsuperscript{40}. In the case of total transfer, all economic rights of the author can be transferred entirely to the assignee for the whole duration of the right. In the case of partial transfer, the transferee acquires only the designated rights\textsuperscript{41}. So, the assignment or other transmission of copyright can be limited either in terms of the thing the copyright owner can do, or in terms of the period of subsistence of copyright\textsuperscript{42}.

In partial assignment, different persons are entitled to different rights. Each of the assignee and the assignor, if he has retained any right, is regarded as the right owner in respect of that particular aspect\textsuperscript{43}. Accordingly, the ownership of copyright in one single work can be divided among a number of different people\textsuperscript{44}. Thus, in British Actors Film Co. Ltd v. Glover\textsuperscript{45}, Glover had been granted the right apart from amateur performance, of performing the music of ‘Les Clothes de Corne Ville’ throughout the United Kingdom. The same owner of the copyright also granted a licence to another to produce a moving picture of the same work and the right, whilst the film was being shown. It was in the day of “silent film” to render portions of the music. The court held that playing the music for the film was infringing the right of the assignee. It follows that in partial assignment the assignee becomes the proprietor of that particular portion of the copyright and his right must be protected.

\textsuperscript{39} s. 15 (2).
\textsuperscript{40} s. 90 (2).
\textsuperscript{41} Unesco, supra, note 3, at 46 – 47, Vitoria, supra, note 11, at 367.
\textsuperscript{42} Bainbridge, supra, note 13, at 87.
\textsuperscript{43} Vitoria, id at, 894.
\textsuperscript{44} Leaper, supra, note 18 at 160.
\textsuperscript{45} [1918] IKB 291.
Many countries recognise a time limit in transfer to enable author to acquire more favourable conditions\(^{46}\). Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 and the English Copyright, Designs and Patents Act, 1988 copyright can be assigned for a limited period. This partial assignment does not affect the right of the assignor to dispose of his copies after the end of his period\(^{47}\). Thus, in *Hawitt v. Hall*\(^{50}\), the defendant, having bought the copyright for four years in a book of which the plaintiff was the author, were still continuing, several years after the end of that term, to sell copies which they had printed during the four years. The court, in refusing an injunction to restrain such sales, held that the purchase of the copyright carried the right of printing, and that, while this right reverted to the author at the end of the four years, the publishers were entitled to sell, after expiration of that term, all copies which had been printed in good faith during the term. The court pointed out that “the copyright acts were directed against unlawful printing, and when, as in this case, the defendant had acquired the right of lawfully printing the work, he was at liberty to sell at any time what he had so printed”.

**(iv) Transfer of Prospective Copyright**

The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 does not recognise the transfer of prospective copyright. The Act provides that transfer of author’s right in future works is null and void\(^{48}\). A transfer differs from an agreement to transfer\(^{49}\). An agreement to transfer is usually concluded before the work comes into existence. It is a written agreement to the effect that copyright belongs to prospective transferee when it is created.

\(^{46}\) Unesco, *supra*, note 3, at 47.
\(^{47}\) James, *supra*, note 17, at 157.
\(^{48}\) s. 16 (2).
\(^{49}\) White, *etal*, *Patents, Trade Marks, Copyright and Industrial Designs*, 152 (1975), Bently, *supra*, note 6, at 255.
Under the English Copyright, Patents and Designs Act, 1996 the assignment of the prospective copyright is defined as “the copyright which will or may come into existence in respect of future work or class of works or on the occurrence of a future event”\(^{50}\). Thus, in *Chaplin v. Leslie Frewin (Publisher’s) Ltd*,\(^{51}\) it was held that a contract for writing an autobiography between the infant son of Charlie Chaplin and a publisher was effective to transfer the copyright in the work when it came into existence\(^{52}\).

The importance of the distinction between transfer and agreement to transfer, appears if any sort of dispute arises. In case of an infringement of copyright the prospective owner must pay for an action and is entitled to any covered damages\(^{53}\). But the action must be brought in the author’s name. However, there is no guarantee to the prospective assignee because the copyright owner can sell or dispose of the copyright to another. The only available remedy is to sue the copyright owner for breach of contract.

The prospective transfer will be useful for example, where a painting is commissioned, or where a music publishing agreement is entered into before a song writer creates the song\(^{54}\).

The danger of the transfer of the author’s future work is that the author may accept a transfer which later becomes insufficient and, ultimately, unsatisfactory\(^{55}\). For this reason, many of laws provide expressly that comprehensive transfer of future work is null and void\(^{56}\). A number of countries allow the transfer of author’s future work with

\(^{50}\) s. 91 (2).
\(^{51}\) [1966] Ch. 71; cited in Bainbridge, *supra*, note 13, at 89.
\(^{52}\) The son was 19 years old at the time, but still classed as an infant for legal purposes. The son tried to avoid the contract, fearing passages in the work might be libellous, but it was held that the contract was analogous to a beneficial contract of service and was, therefore, not at the infant’ option.
\(^{54}\) Bently, *supra*, note 6, at 255.
\(^{55}\) Colombet, *supra*, note 9, at 68.
\(^{56}\) Like the Sudan, Egypt, France, Italy, etc.
duration limits\textsuperscript{57}. In UK the danger is minimized by the British author’s association and unions which can impose means of collective agreement rendering legislative intervention irrelevant. Thus, according to English Copyright, Designs and Patents Act, 1988 copyright in future work can be assigned so as to vest the copyright in the assignee as soon as the work is created provided that there must be other persons with superior quality\textsuperscript{58}.

The prospective owner has the right to grant the assignment of the future copyright or grant licences of it. According to Bainbridge “these provisions are useful where a self employed consultant is engaged to create a new item of software. The agreement under which he is engaged should contain a term to the effect that he assigns the future copyright in any work created under the agreement to the person engaging him”. This agreement must then be signed by or on behalf of the consultant and, when the work comes into existence, the assignment must automatically take effect. This simple expedient is very important in software industry, where many people are self-employed and can prevent a bitter dispute later as to ownership of copyright.

Before English Copyright Act, 1956 an assignment of future work was effective only in equity to pass the property\textsuperscript{59}. Ownership in equity can arise in a number of ways. First, in the prospective assignment. Second, where the intended assignee has called for an assignment under a contract giving him a right to do so. Thirdly, by transfer from the owner in equity. Finally, under an implied resulting trust\textsuperscript{60}.

So, assignment may be in equity only if the formalities of the Act are not complied with like oral assignment. In such a case there are two

\textsuperscript{57} The limit does not extend five years in Brazil, or ten years in Portugal.
\textsuperscript{58} s.19 (1),(2).
\textsuperscript{59} Bainbridge, supra, note 13, at 88.
\textsuperscript{60} Vitoria, supra, note 11, at 870.
owners: the legal owner who is the purported assignor and an equitable owner. Thus, a beneficial owner cannot obtain a permanent injunction or damages without joining as a party the assignor in whom the legal title of a chose in action was vested\textsuperscript{61}. The objective of this theory is that the legal owner could come along subsequently and bring a fresh action for damages if the beneficial owner obtained damages without joining the legal owner. This matter causes double jeopardy\textsuperscript{62} In Performing Rights Society Ltd v. London Theatres of Varieties Ltd\textsuperscript{63}, it was held that the owner of an equitable interest in the performing right of a song entitled the ‘Devonshire wedding’ could not obtain an injunction without joining the legal owner of the copyright as a party to the action. The USA Copyright Act, 1976 provides for prospective assignment\textsuperscript{64}. Thus, in Chamberlain v. Feldman, the court held that the transferee of manuscript by Mark Twain, although the legal owner of the manuscript, did not have the right to claim the copyright and thus to reproduce and publish the contents.

(V) Considerations in Publishing Contracts and Public Performance Contracts:

Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 there are two types of contracts of transfer: publishing contract and public performance contract. These two types are not mentioned in the old 1974 Act, leaving the matter to the discretion of the parties.

National legislators require that a publishing contract be defined before determining the rights and obligations of the parties. The contract is

\textsuperscript{61} Normally, joining another party in action would mean both appearing as co – plaintiffs, but it is suffice if the other party is the defendant.

\textsuperscript{62} Vitora, supra, note 11, at 870.

\textsuperscript{63} [1924] Ac. 1, cited in Bainbridge, id, at 88; see John Richardson Computer Ltd v. Flanders [1993] FSR 497; cited in Bainbridge, supra, note 13, at 88 in which the owner in equity sued the legal owner.

\textsuperscript{64} s. 202.

\textsuperscript{65} (1949); cited in Miller, supra, note 29, at 376.
defined as its precise identification of the right transferred\textsuperscript{66}. Publishing contract may be called a royalty agreement, under which publisher controls “volume rights” and “subsidiary rights”. Firstly, a publisher has exclusive right of publishing and selling the work in volume form in the original language throughout the territory determined with the author. Secondly, a publisher has the right of the cheap editions or paperback right leased to another publisher within the country or territory on the sale of which he will pay the author an agreed percentage of his receipts. Finally, the publisher has anthology quotation right, digest and condensation rights, one- shot periodical or newspaper right, strips cartoon rights, mechanical reproduction rights, the proceeds from which he will share with the author\textsuperscript{67}.

Concerning subsidiary right, the publisher has foreign rights, that is, the right to publish the work in a country or territory outside that normally covered by publisher; the translation rights the serial rights and advertising or other commercial use of the work or material based on the work.

Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 a publishing contract is a written agreement between the author and a publisher with regard to publication of a given work and its distribution to the public upon payment of remuneration to the author\textsuperscript{68}. A publishing contract shall specify, in addition to other conditions, the conditions specified in the rules\textsuperscript{69}.

Publishing contracts deal not only with the right to authorize the making of copies of the work, but also with the right to authorize other

\textsuperscript{66} Colombet, \textit{supra}, note 9, at 73.
\textsuperscript{67} Seminar on “Priorities and Planning for the Provisions of Books” titled “Copyright in the Developing Countries”, 15 (1973).
\textsuperscript{68} s. 17 (1).
\textsuperscript{69} s. 17 (2).
acts, like transformation and adaptation, but the essence of a publishing contract is the authorization to make copies\textsuperscript{70}.

In a publishing contract the author's basic obligations are firstly, to deliver the completed work, to assign to the publisher copyright, or grant him a right to publish. Section 15(1) of The Sudan's Copyright and Neighbouring Rights Protection Act, 1996 determines the obligation of the author in the assignment contract in general, and specifies that the author must refrain from any act, which is likely to hinder the use of the right transferred. Nevertheless, he may with the consent of the transferee stop his work from being circulated or he may make any alteration, deletion or addition therein. As in \textit{Khidir Bashir v. El Badawi Art Production Co and Others}\textsuperscript{71}, the defence of transfer of copyright had not been accepted, where it was pleaded by the defendants that the plaintiff had transferred his rights in the song to them, but it was found that it was not a proper transfer as it did not fulfil the requirements of section 15 of the 1996 Act.

In the event of disagreement, the author must keep control over any grant of right by his publisher to third parties, otherwise he cannot claim royalties from the third party\textsuperscript{72}. Thus, in \textit{Baker v. Stickney}\textsuperscript{73}, the author assigned rights to a publishing company in return for shares in the company and a royalty in all copies of the book sold. The defendant bought the particular copyright as part of an assignment from company’s receiver, in the knowledge of the company obligations to the author. Even so, this knowledge did not serve to impose an equivalent obligation upon him since he was not a party to the initial contract. Nor could the author claim a lien equivalent to that of the vendor in a contract for the sale of

\textsuperscript{70} Comlobet, \textit{supra}, note 9, at 73.
\textsuperscript{71} S.C./C.O./1132/1999 (unreported).
\textsuperscript{73} [1919] K. B 121.
goods he had taken as his consideration is a purely personal right to receive royalties. Hence the author could not sue defendant for his royalties.

So, there are no standard royalties for particular kinds of books. Royalty payments are calculated as a percentage either of the selling prices of the book or of the net receipts from the sales and are normally paid once or twice a year\textsuperscript{74}.

There are other factors that an author should bear in mind when discussing the contract. The publisher should undertake to publish the work within specified period\textsuperscript{75} after delivery or approval of the manuscript. The author should be entitled to receive six free copies of the work on publication, and to buy further copies for his own use at trade terms. In the event of the book going out of print and the publisher, after being given reasonable notice by the author, is unable or unwilling to issue a reprint, all residual rights, including that of publication, should revert to the author. The regular royalty statement should specify how many copies of the book have been sold; it might also state how many remain in stock\textsuperscript{76}.

Further points that publisher should bear in mind is that the author should undertake to deliver his manuscript on or before an agreed date. No royalty will be paid on grant if copy or copies given away for review or exhibition, or as aids to sales. If at any time, the book shall cease to have a remunerative sale, he should be entitled to dispose of the stock in any way he chooses, paying the author a percentage of any money he receives for the stock\textsuperscript{77}.

\textsuperscript{74} Seminars on ‘Copyright on the Developing Countries’, supra, note 69, at 16.
\textsuperscript{75} For example 12 or 18 months.
\textsuperscript{76} Id.
\textsuperscript{77} However, before doing so, he should make an offer of the stock to the author, and he should only proceed if this offer is not acceptable within a short period.
The author should undertake that his work contains nothing that is libellous or violates copyright and that he will hold the publisher blameless in the case of any claim or action in these respects. He shall pay for any alterations he makes to the work once it has been set in types above an agreed percentage of the cost of setting the original manuscript. He should be prepared, without further payment to update or revise the work for subsequent editions. He should undertake to give first offer to the publisher of his net book of the same length and character. He should undertake not to publish any other work by him that might directly or indirectly affect the sale of the work which is the subject of the contract78.

Publishing agreement is a personal engagement. Thus, in Griffith v. Tower Publishing Co.Ltd79, the publisher were a limited company, and the proposed assignment was to be made by a receiver and manager of the company appointed in a debenture holders action. The court declined to accede to the view that a distinction ought to be drawn between a limited company and publisher. It was held that an author might repose confidence in a company, notwithstanding that the constitution of the company might be altered and it might be changed at any time.

Assignment of publishing rights outside the UK must comprise the world rights. Thus, in Campbell Connell Yard Co… Ltd v. Nobel80, it was held that the court had to consider the USA law of renewal copyright. It was required to construe a purely English contract assigning the full copyright for all countries for the period of copyright as far as it was assignable by laws, together with all rights therein which the author then had or might thereafter become entitled to. Notwithstanding USA authorities to the effect that USA renewal copyright did not pass unless

78. id., at 18.
79. [1897] ICH. 21, cited in Colombet, supra, note 9, at 401.
expressly mentioned, the court held that the assignee under the English contract had become entitled to the renewal right

According to Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 by virtue of a public performance contract, the author transfers to a natural person or legal entity the right to perform his work in public against remuneration\textsuperscript{81}. The Act further provides that a public performance contract shall specify in addition to other conditions the conditions specified in the rules. In each case, the contract must contain the conditions in the rules\textsuperscript{82}.

(vi) The Problem Concerning Construction of the Assignment

The nature of a transaction made by the author to assign his right is always disputed. An assignment differs from a licence. The assignment is a transfer of ownership with whole or part of copyright with the result that the transferee becomes the new owner. Licensing means that the owner of copyright remains the owner but he authorizes someone to exercise all or some of his right subject to certain limitations\textsuperscript{83}. This distinction is practically very hard to draw. Since no particular form of words is required to constitute an assignment, it has frequently been a matter of difficulty to determine upon construction of a particular document whether it is an assignment or a mere permission or bare licence\textsuperscript{84}.

The practice of English courts is reference to the agreement as a whole notwithstanding the use of the words such as “grant” or “licence”. Thus, in \textit{Messenger v. British Broadcasting Co}\textsuperscript{85}, an agreement provided

\footnotesize
\textsuperscript{81} s. 18 (1).
\textsuperscript{82} s. 18 (2).
\textsuperscript{83} Tier, Protection of Copyright Under the Sudanese Law, 6 Arab L. Q 161, at 182 (1991); licence is a permission to do what would otherwise be unlawful.
\textsuperscript{84} James, supra, note 17, at 155.
\textsuperscript{85} Tier, id., at 182.
\textsuperscript{86} [1929]AC.15; in \textit{London Printing etc Alliance, Ltd v. Cox} (1891)3ch-241, the court reached the same decisions.
in part that the licensors hereby grant to the licensee the sole and exclusive right of representing or performing the play in the United Kingdom. It further provided that in the event of non-production within three months, the right should revert and become again the absolute property of the licensor. It was held that this was an agreement to transfer the right of the performance notwithstanding the use of the words "licensor" and "licensee". In reaching this result the court considered that the reversion clause seems to be inept language in which to describe the mere cessation of a licence, and in much more apt to describe the reversion to the licensors of right which had been assigned.

But, in Re Jude’s Musical Composition\textsuperscript{86}, the plaintiff was the owner of copyright in musical composition. He made an agreement with the defendant company whereby he gave the company the sole and exclusive right of printing and publishing the composition in volume form. The company, in turn, agreed to pay the plaintiff a certain sum on every copy sold, to supply the plaintiff with certain copies that he would require at a certain stated price and to bear the whole cost of printing and issuing the volumes. It was held that the agreement was a licence only passed the sole and exclusive right of printing and publishing “music and higher life” in particular form and did not amount to an assignment of the copyright in the composition forming that series\textsuperscript{87}.

In some countries, an assignment of copyright is not legally possible. The effect of the assignment can be achieved by licensing to the full period of copyright and to all right protected by copyright\textsuperscript{88}.

The limited right in scope determines that a licence has been granted. In Frisby v. British Broadcasting Corp Ltd\textsuperscript{89}, an author of a play granted

\textsuperscript{86} (1907) I Ch. 651.
\textsuperscript{87} In the previous case Chaplin v. Frewin, 1966, the words ‘exclusive right to publish’ were held to be an assignment of future copyright and royalties were to be paid; cited in Colston, supra, note 1 at 249.
to the BBC the exclusive right to televise the play once within a period of two years from delivery of the script for a certain fee and to televise repeats within a certain limited period for a reduced fee per repeat. The BBC proposed altering a line of the play and the author sought an injunction to prevent the play from being televised in its altered form. It was held that the BBC held the right under a licence and that the terms of the licence did not authorize to make major alterations. The words ‘exclusive right to televise’ were held to be a licence.

A harsh term of transfer is also disputed. This problem is usually faced by young authors who transfer most of the important rights to the publishers. These young authors do not have equal bargaining power with the publishers. It is not clear how the court of Sudan will resolve the problem of harsh terms of transfer. In England, in the case of Clifford v. Wea Record, the Court of Appeal voided one – sided publishing contract with two composers in the “Fleet wood Mac” or pop – group. The judge argued that the jurisdiction was a part of a general power to adjust transactions where the one was so strong in bargaining power and the other so weak that as a matter of common fairness it was not right the strong should be allowed to push the weak to the wall.

Assignment made by a co-author of a joint work without the permission of other co – authors is also disputed. The Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 provides in section 11(1) that where several person's participate in the creation of a work and it is impossible to distinguish the contribution of any one of them all such persons shall be considered equally joint owners of such

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90. Which the court found, on the fact, to be a major alteration.
91. In the English Copyright Law the doctrine of restraint of trade can be invoked to invalidate the contract of transfer. See Schroder Music Publishing Co. v. Macqulay (1974) 3 ALL. E. R 616.
93. Tier, supra, note 94, at 183.
work and no one of such persons shall exercise copyright prescribed by
this Act unless there is a written agreement to the contrary. The Act
further provides in section 11(2) that where several persons participate in
the creation of a work so that the contribution of each of them in the
whole work is distinguishable, each of such persons shall have the right
to exploit the part created by him, provided that the exploitation of such
part shall not prejudice the exploitation of the whole work, and anyone of
such persons may exercise the copyright prescribed by this Act, without
prejudice to the rights of the other partner or partners in the profits.
Section 11(3) provides that notwithstanding the provision of sub sections
(1) and (2) of this section, where one of the co-authors refuses to
complete his part in the joint work, this shall not prejudice other co-
authors from exploiting the part made by him without prejudice to the
rights accruing to the co-authors consequent to his participation in the
creation of such work. The physical person or legal entity who has taken
the initiative and financial responsibility for the creation of a collective
work, such as enclopedia, dictionary and the like shall own the economic
rights in such work. In principle, a co-author of a joint work cannot
transfer it without the consent of the other author or authors. That is the
transfer of copyright on the lifetime of the author.

(vii) Termination of Transfers

Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 the author has the right to determine the period of
the transfer. On the other hand, a number of copyright laws in Western
Countries do not allow for the possibility of termination of transfer before
the expiry of specified period of time. But the US Copyright Act 1976
gives author, with the exception of author of works for hire, the right to

94. s. 15 (2).
terminate the sale after thirty five years. Under this Act, an author can terminate exclusive or non-exclusive transfer during the five years period beginning thirty five years after the transfer is granted.

In the case of a transfer of publication rights, the termination may occur during the five years’ period beginning thirty five years after publication under the grant or fourteen years after the grant if that occurs sooner. This is designed to give greater protection to an author who may sell the publication rights at an early date but whose work may not actually be published until many years later.

The 1976 Act further provides that in order to effect a termination some time during the five years’ period, the author must serve a notice upon the grantee. The notice must be served not less than two no more than ten years before the date within the five years’ period chosen by the author for termination. This right of termination cannot be waived from author by any means. Some transfers cannot be terminated. The author of the original work upon which an authorized derivative work is based has no termination right with regard to the derivative.

2- Transfer on Death

Under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 only economic rights are relevant to this situation, because moral rights are protected during the life time of the author as has been seen in the section on the duration of copyright. There are three rules: the first rule is that a sole author dies leaving a heir or a will or both, the copyright transmitted as a matter of law to the heir or the beneficiary under the will. The Act provides that on the death of the author his right,

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95. Miller, supra, note 29, at 373.
96. s. 203 (3).
97. s. 203 (4).
98. Miller, supra, note 29, at 390; if a publisher grants to an author the right to dramatize a novel, the original author of the novel may terminate and deprive the publisher of the copyright to the novel thirty five years after publication.
except to a share in a work, shall vest in his heirs unless the author named other persons or organization for right purposes in his will 99.

The right of the heirs or person entitled under a will or beneficiaries are subject to the following qualifications: firstly, they must abide by the terms of the contract between the deceased and third party regarding the use of the work100. Secondly, they must respect the will of the deceased author which either prohibits publication of the work or fixes a date of publication101. Also in Saudi Arabia, copyright can be transferred in whole or in part either by contract or inheritance. If the deceased author has a will to prohibit publication or fixes the date of publication, this will must be respected102. Thirdly, when they fail to publish a work, the Minister of Information and Culture initially requests them to publish the work and if within a year they fail to do so, the Minister may order publication of the work. In this case, fair compensation must be paid to heirs or beneficiaries as the case may be103.

The second rule governing transfer on death under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 is when the sole author dies leaving no heirs and no will. The work passes to the public domain for free use without getting any protection. The Act provides that “without prejudice to the provisions of section 19 (3)104 of this Act, where the author dies intestate or leaves no heirs the Minister may order that the work shall be in public domain”.105

The rules on the death of a sole author are a carry over from the 1974 Act in the transmission of a copyright on the death of a co – author

99. s. 19 (1).
100. s. 19 (2) (a).
101. s. 19 (2) (b)
102. art.37; Garib, the Development of Copyright Law in Saudi Arabia: Royal Decree no. M/11/ dated 19/5/1410 A. C. (Arabic Version)
103. s.20 (1).
104. Which deals with transfer on death of the co-author.
105. s. . 20 (2).
of a joint work. The former Act provided in section 11 that the deceased’s share of copyright vested in the joint authors and the latter vests ownership in the state, as mentioned above. But not transmitted to public domain as in the situation where no heir and no will, because there are other surviving authors so the diseased `s share will not pass to public domain but to the state.

The third rule concerning transfer on death is that the ownership of copyright is transmitted to the state if a co–author of a joint work die. The Act provides that in case of a joint work, where one of the co-author dies leaving no heirs, his share shall vest in the state unless there is a written agreement to the contrary.106

Many of the rules of transmission of copyright upon the death of the author are derived from 1974 Act except transmission of copyright in a joint work. Under 1974 Act, the deceased's share of copyright was vested in the surviving author and under 1996 Act it is vested in the state.

3. Registration of Works and Contract

Under the Sudanese Copyright Protection Act, 1974 registration was obligatory. A work had to be registered and a copy had to be deposited. But under 1996 Act the registration of a work and deposit of a copy are optional, but contract must be registered107.

Under English Act registration is not necessary for assignment to be valid. According to Bently108 “priority is determined by reference to rules as to first- in- time and bona fide purchase. In the case of legal assignment, the first transfer in time has priority over claims deriving from subsequent purported transfers of the same right”. Assignment effective in equity will only be defeated at the hands of a later bona fide purchaser for value without notice of the earlier assignment.

106. s. 19 (3).
107. s. 23 (2).
108. Bently, supra, note 6, at 256.
Under USA Copyright Act, 1976 the assignment can be recorded in the Copyright Office to give others ‘constructive notice’ of the assignment\textsuperscript{109}. This procedure helps assignee from future conflicting transfers. Assignment that is recorded properly within one month after its signing prevails over a later assignment. If the assignment is signed outside the USA, the assignee has two months to record it\textsuperscript{110}.

There are arguments against the registration: Copyright occurred the moment material is created. That means copyright attaches to a work upon creation. Another argument is that registration and deposit of a copy were in the past devices resorted to in order to discover seditious ideas for censorship to be exact\textsuperscript{111}.

The argument in favour of registration is that although copyright attaches to a work upon creation, registration is necessary for court proceedings as evidence of ownership of property. It is a public record of the right. Also they argue that registration is inexpensive and can be restored to without waste of time and money.

The application for registration of the work or contract is made on a form prescribed by the rules under Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 and must be accompanied by the following information stated in the Act\textsuperscript{112}. Application for registration of a work and contract shall be addressed to the Registrar at the head of the corporation and such application shall contain the following: first, the registration application form according to the model specified by the rules\textsuperscript{113}. Secondly, the full name and address of the applicant, where the

\textsuperscript{109} s. 205 (d); contraction notice is a legal terms that means you are presumed to know a fact because it is a matter of public record-even if you have no actual knowledge of the fact.

\textsuperscript{110} Supra, note 24.

\textsuperscript{111} Tier, supra, note 8.

\textsuperscript{112} s. 24.

\textsuperscript{113} s. 24 (a).
applicant’s address is outside the Sudan, the name and address of his agent in the Sudan

Thirdly, a duplicate, photographic copy or true copy of the work or contract. Fourthly, a statement ascribing the work to the applicant and such statement shall be according to the model specified in the rules.

Fifthly, the date of making or publication of the work or of making contract. Sixthly, any other details or statement as may be specified by the rules.

The Sudanese Copyright Protection Act, 1974 required the payment of registration fees but there is no express provision in the 1996 Act requiring an author, who chooses to register his work to pay fees. Also, under the Sudanese Copyright Protection Act, 1974 only interested person could object to the registration of a work within three years from the date of registration. The 1996 Act does not provide for the objection to registration.

Trips Agreement does not regulate all aspects of intellectual property. Accordingly, there is no rule governing assignment of copyright.

4. Conclusion
Registration of assignment is required under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 and USA Act 1976 but not under the English Copyright, Design and Patents Act, 1988. The divisibility theory is prominent in the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996. Accordingly, the principle of limiting transfers to those rights stipulated in the contract is a basic rule.

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114. s. 24 (b).
115. s. 24 (c).
116. s. 24 (d).
117. s. 24 (e).
118. s. 24 (f).
119. s. 16 (3).
120. s. 17.
Also, the transfer of prospective copyright is more favourable to assignee than to author. Irrespective of legal recognition of this transfer in some countries, there are some modes minimizing its danger to the author. For instance some countries prevent such transfer without limitation. In some countries including Sudan, publishing contract is not regulated by any special law. But their validity, construction and enforcement are controlled by the ordinary rules governing contracts dealing with personal property.
Chapter 7
Assignment of Industrial Property Rights

The assignment of industrial property rights will be discussed in relation to patents and trade marks. In each, an attempt will be to see how different national law and international agreements deal with this problem.

1. Assignment of Patent Rights

According to the Sudanese Patents Act, 1971 the main requirement for the grant of patent is that the invention must be capable of industrial application. Accordingly, for the enrichment of the country’s industrial economy, patent must be exploited by sale, use or manufacture of the invention. Bouvier’s Law Dictionary defines “general transfer” as a transfer or handing over to another of the whole of any property, real or personal, in possession or of any estate or right there in. This broad definition cannot be applied to patents, because many transfers of patents right are not assignments. An assignment is a transfer of ownership of the patent or application. So, under the English Patents Act, 1977 it is important to distinguish between the inventor and the proprietor of a patent. The inventor is the actual devisor of the invention. The proprietor is the person to whom the patent is granted and who, therefore, has the right to work the patent. If the inventor is not the proprietor of the patent, he must be mentioned in any patent granted and

1. S. 3 (1).
3. Ellis, Patents Assignment, 9 (3ed. 1955).
5. s. 7 (3).
in any published application\textsuperscript{6}. Failure to identify the inventor will prevent an application from proceeding\textsuperscript{7}.

According to patents law the assignment, which is made by the inventor for financial reasons, has several meanings. It can be for an undivided part of the inventor’s entire interest. Moreover, it can refer to transfer of the entire interest of the same invention or to transfer of patent right or both. The assignment may be done before the filing of patent application or subsequent thereto. In case of an assignment of a part interest, the patent must be issued in the name of both the patentee and the assignee, whereas if entire interest is assigned it must generally be issued in the assignee’s name.

Under the Sudanese Patents Act, 1971 the assignment of patent rights is either by contract or by succession\textsuperscript{8}. The transfer of patent application and patents can be in the lifetime of the applicant or patentee who can agree with somebody by contract to assign or transfer it. If the patentee dies, his right in a patent transfer to his heirs like any property according to inheritance rules.

(i) Formal Requirements of the Assignment

According to the Sudanese Patents Act, 1971 patents application and patents may be assigned as personal property\textsuperscript{9}. The contractual assignment must be made in writing and signed by the contracting parties\textsuperscript{10}. The same requirements are provided for by the English Patents Act, 1997\textsuperscript{11}, and USA Patents Act, 1952\textsuperscript{12}. Acknowledgement is not essential for the validity of the assignment. But since it is important in

\textsuperscript{6} s. 13 (1).
\textsuperscript{7} Bainbridge, Intellectual Property Law, 381 (19999).
\textsuperscript{8} S. 26 (1).
\textsuperscript{9} S. 26 (1).
\textsuperscript{10} S. 62 (2).
\textsuperscript{11} s. 36 (3) provides that an assignment in patents is void unless in writing by on behalf of the parties to the transfer. An assignment by a personal representative must be signed by or on behalf of the personal representative.
\textsuperscript{12} s. 261.
providing prima facie evidence of the execution of the assignment, assignment is usually acknowledged. Thus, the USA Patents Act, 1952 provides that a certificate of acknowledgement under the hand and official seal of a person authorized to administer oaths within the United States, or in a foreign country, of a diplomatic or consular office of the USA, must be prima facie evidence of an assignment.

To acquire a good legal title as against third parties the assignment must be made in writing. The Sudanese Patents Act, 1971 does not define writing but it is defined in section 4 of the Interpretation of Laws and General Clauses Act, 1974 as follows: “writing’ includes printing, lithographing, type writing, photographing and other means for representing or reproducing words in visible form”.

The assignee has no right to recover damages for past infringement unless it is expressly provided for. The assignee has equal rights as the assignor with regard to the interests assigned. The assignee has the right to challenge the validity of the property unless he is restricted from doing so by the terms of the agreement but the assignor has no such right. If the subsequent assignor of the interest takes notice of the covenant made by the assignee of a patent, he may be bound by it.

According to the Sudanese Patents Regulations, 1981 if a corporation purports to assign its patents, it must specify the address of its headquarters, as well as its nationality. Moreover, the copy of the articles of its incorporation must be included. Under both Sudanese Patents Act, 1971 and USA Patents Act, 1952, an assignment by a corporation need not be under seal. But the seal must never be omitted when it is possible to obtain it. Accordingly, the seal with a notary determining the officer’s

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13. Ellis, supra, note 3, at 300.
15. See Danskrekylinfel syndikat aktieselskab snell [1908] 25 R R P C 421, cited in Byrne, id, at 669.
qualification and authorization to assign on behalf of the corporation renders the assignment document itself the prima facie evidence of the transfer of title. Thus, in *Gottfried v. Miller*, it was contended that an assignment by a corporation was not properly executed, and therefore, did not pass title, as it did not have the corporate seal impressed thereon. The assignees, to rebut the contention that the assignment was merely the personal deed of the corporation executing the same, were put to the trouble of introducing into evidence the resolution passed by the directors authorizing such officer to sign on behalf of the corporation. The court held that the assignment of patents was not required to be under seal and therefore it was not invalid for want of a corporate seal.

If the assignee becomes insolvent or bankrupt, there are many options for the assignor to recover property: an assignor has option in the assignment to purchase the property for a nominal sum in the event of bankruptcy. The preferable option is that the proprietor could grant the purchaser an exclusive licence under a hire purchase agreement until the time fixed for payment of the final balance of the purchase money and completion of the purchase, with provisions for termination of the agreement by either party in certain events.

Change in ownership is explicitly provided by Trips Agreement that a patent owner also has the right to assign, or transfer by succession, the patent. The Paris Convention contains no corresponding provision, but these rights are generally recognised in the state member of that convention.

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17. Ellis, *supra*, note 3, at 23.
20. Art. 28 (2), Para 2.
WTO Members may impose conditions, such as the transfer of the business or good will provided by Trips Agreement\textsuperscript{22}. Conditions which would constitute a limitation on the possibility to transfer rights, so as to render it impracticable would not be allowed. The requirement that transfer be in writing would be permissible. Any hindrance of the assignment made by member state may be judged according to the standard for exception found in articles 13, 17, 26 (2) and 30 that the requirement not unreasonably conflict with a normal exploitation of the patent rights and not unreasonably prejudice the legitimate interests of the patent owner\textsuperscript{23}.

If the requisite formalities are not satisfied\textsuperscript{24}, the assignee will be beneficial owner and the assignor will be the legal owner of the patent. The beneficial owner will be able to sue for infringement of the patent provided that the legal owner is made a party to the proceedings. Thus, in Baxter International Inc v. Nederlands produktieve Laboratiumvoor Bloedtransfusipparatuur [NPLB],\textsuperscript{25} a written assignment signed only by the assignor has been treated as an agreement to transfer which in equity entitles the assignee, as equitable proprietor to institute proceedings, provided that the assignor is later made a party. In this case, both assignments contained a covenant of further assurance in agreement to assign. It stated, “We agree to execute all documents required in connection with the patent applications and patents and to execute all further documents necessary to vest title in said patents and applications to assignee”.

\textsuperscript{22} Art. 31 covering use without authorization of the right holder; Article 31 (e) provides that such use shall be non-assignable, except with that part of the enterprise or good will which enjoys such use.

\textsuperscript{23} Gravis, the Trips Agreement Drafting History and Analysis, 155 (1998)

\textsuperscript{24} For example, if the assignment signed by one party only, this is likely to operate as an assignment in equity.

\textsuperscript{25} [1998] RPC 250, cited Bainbridge, supra, note 7, at 386; Cornish, Intellectual Property, 273 (1994); the defendant applied to strike out the plaintiff’s action on the ground that the assignment in question signed only by the assignor.
(ii) **Contract to Assign Future Inventions**

A Contract to assign future invention is not recognised by the Sudanese Patents Act, 1971 but it is established by both USA and English Patents Acts. A contract to assign is an oral contract regulated by an equitable principle of the ordinary rules of contract\textsuperscript{26}. There are two kinds of contract to assign. The first one is made prior to an application of the concerned patent. In this case, the Comptroller may direct the grant to be made to the assignee. But a person acquiring a legal assignment without notice of the equitable one has a right of priority. The second kind of contract to assign is made after the grant of patent where the invention has been completed\textsuperscript{27}. In this case the instrument is usually an assignment with a condition like an optional sale. But a contract to assign the legal title differs from an option, because the former can be enforced by an action brought by either party, and the latter is enforced by the action on the part of the owner of the option. Thus, in Mc Millan v. Davis\textsuperscript{28}, it was held that, where an owner of a patent sells it for part cash and part notes and deposits an assignment of the patent escrow conditioned upon its redelivery to him upon default in payment of the notes, the transaction is not an option but a binding contract of purchase and sale.

The third kind of agreement to assign future invention is nothing more than the purchase of the invention or the patent right relating there coupled with an agreement by the assignor to assign any future invention. This is designed to protect the assignee’s grant from becoming worthless by the assignor’s modification or improvement of his assigned invention. Otherwise, the whole value of the patent may be taken away from the

\textsuperscript{27} Ellis, supra, note 3, at 132 – 133.
\textsuperscript{28} 54 pa Super 154.
assignee next day. Sometimes there are mutual assignments, each party transferring future improvement to the other 29.

The meaning of the term ‘improvements’ is ambiguous. Accordingly, disputes relating to its construction frequently arise 30. Thus, in *A spin wall W F G Co v. Gill* 31, the defendant set up as a defence an equitable assignment of an 8/11 interest in the patent in a suit under the clause ‘all improvements may hereafter make’ . The court held valid and enforceable an assignment of a patent together with all future improvements upon the machine which was subject of the patent. Thus the nature of ‘improvements’ determines its admissibility by the court. Accordingly if the “improvement” prevents the owner’s commercial use, it will be outside the contract 32. Applicant of a patent application which interferes with another applicant has no right to assign. Thus, in *Hildreth v. Thibdeau* 33, the court held that where a patent application is involved in an undetermined interference proceeding, a court of equity would not enter compelling the assignment of such an application because such decree might become utterly useless.

Under the USA Patents Act, 1952 unless the language of an assignment specifically refers to future improvements, it is ineffective to assign rights to such improvement. Also, an equitable title to patent 34 may be required by an oral contract. Assignments which are made conditional on the performance of certain acts or event are recordable until cancelled with the written consent of both parties or by the decree of competent court 35.

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30. *Id*.
31. F 697, cited in Ellis, *id* at 164.
32. Ellis, *id* at 161.
33. F 146, cited in Ellis, *id* at 162.
35. S. 333.
(iii) Assignment by Joint Owners of Patent

Joint entitlement to ownership of a patent can arise either initially, as where there are co–inventors, or through subsequent dealings. The Sudanese Patents Act, 1971 provides that in the absence of any provision to the contrary between the parties, joint owners of a patent may separately transfer their parts and exploit the patented invention. The English Patents Act, 1977 provides that co–owners of a patent have the right of its equal undivided shares. Accordingly, in the absence of agreed payment between co–owners, in patent assignment, the money must be divided equally among them. The 1977 Act further provides that joint owners are each entitled to operate the patent; but they may not transfer their interest to third parties without seeking the consent of the other co-owners. According to White, the purchaser of co-owners’ product is not affected by their restricted agreement to work a patent.

The assignee of the entire title of one of the two joint patentees, and the assignee of an undivided one–half of the interest from a sole patentee, receives identical interest and title. According to Ellis, co-owners may validly agree that each may sell his half interest therein with the consent of the other. Thus in Lalance and Grosjean MFG Co. v. National Enamelling and Stamping Co, the court stated that a person who buys patented articles from a person who has a right to sell though within a restricted territory, has a right to use and sell such articles in all and any part of the United States and that when the royalty has once been paid to a party entitled to receive it, the patented article then becomes the

37. S. 26; the same rule is found in s. 262 of the USA Patents Act, 1952 which provides that in the absence of any agreement to the contrary, each of the joint owner of a patent may make, use or sell the patent invention without the consent of and without accounting to the other owners.
38. S. 36 (1).
39. S. 36 (2), (3).
41. Ellis, supra, note 3, at 418.
42. 108 F 77, SDNY, cited in Ellis, id, at 425.
absolute unrestricted property of the purchaser with the right to sell it to an essential incident of such ownership.

Under a contract to assign future invention, the contracting party may be required to assign his part of any future joint invention. Thus, in West Disinfecting Co. v. United States Paper Mills Inc\(^{43}\), the defendants were joint inventors, and Winter’s undivided one-half share alone was subject to the contract in question. Accordingly, the court held that his one half could be assigned to the plaintiff. However, a different decision was made in First Security Trust Co. v. Benjamin A. Mitchell et al\(^{44}\). Mitchell had assigned to his wife “a one third interest in and to all other invention … which he may invent”. The trial court held that this assignment did not cover a joint invention of Mitchell and Kyle.

The assignment of a patent by a joint inventor to the partnership must be clear and sufficient. Otherwise, in suits between the assignee and third parties, doubt must be resolved against all assignee. Thus, in Levy v. Dattlebawn\(^{45}\), two partners, Thie and Levy, obtained a patent as joint inventors. However, it was not assigned to the partnership. The partnership was dissolved by an agreement which included an assignment by T and L of the partnership goods, etc, and “all other property whatsoever belonging to said firm and all his rights title and interest therein”. The court refused to accept such assignment as an assignment of Thie’s interest in the patent. It was held that the legal title to the patent, when issued, was in Levy and Thie jointly, as the legal title was never conveyed to the partnership, the assignment of “all other property” of the partnership did not convey the legal title to the patent. Assignment of patent right always must describe distinctly the patent assigned.

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\(^{43}\) F 2d 803, 6PQ55, CC A3, cited in Ellis, id, at 166.

\(^{44}\) PQ5, 2NE (2d) 196 Mass sup. Ct, cited in Ellis id, at 425.

\(^{45}\) F 992, SDNY, cited in Ellis, id, at 296.
(iv) **Registration of Assignment**

According to the Sudanese Patents Act, 1971 assignment of patent application or patent must be registered in the patent office on payment of the prescribed fee, and until so registered, the assignment has no effect against third parties\(^\text{46}\). The registration provisions in this Act, has the following three basic functions: firstly, the registration enables the purchaser of a patent or patent application to protect himself against the patent owner’s fraudulent sale\(^\text{47}\), assignor’s refusal to assign such papers, loss of rights due to inability of assignor to obtain from assignee all right to which may be entitled and loss of right due to death or incapacity of assignor. Secondly, the purchaser of a patent application may control its prosecution\(^\text{48}\). Lastly, authorization to the patent office to recognise assignee’s right in the invention, application for patent and patent thereon\(^\text{49}\).

Under the English Patents Act, 1977 assignment of patent or application should be registered with the patent office. Registered assignment takes priority over those which have not been registered\(^\text{50}\). This registration is not compulsory, and it only provides prima facie evidence. Omission to register may be rectified and the registration may then date back to the date of the agreement. The same principle applies in USA\(^\text{51}\). In *CMC Indus Inc v. L.P.S Intl, Ltd*\(^\text{52}\), an unrecorded assignment, executed on the same day on which a recorded assignment was executed and purporting to undo the effect of the recorded assignment, was held

\(^{46}\) S. 26 (3).
\(^{47}\) Registration gives the registrant priority against any one who has an earlier unregistered right. This means registration effectively gives prove of title.
\(^{48}\) Non-registration may affect a party’s right to damages or an account of profits this is because a proprietor or an exclusive licensee who does not register within six months of the transaction cannot claim damages or an account of profit for an infringement which occurred in the period prior to registration according to s. 68 of English Patent Act, 1977; Bently, *supra*, note4, at 214.
\(^{49}\) Ellis, *supra*, note 3, at 446.
\(^{51}\) Falconer, *supra*, note26, at 276
ineffective so that the subsequent transfer of assets to another entity by the assignee of the recorded assignment effected a transfer of the patent.

In Sudan, application of the assignment must be in form No. 3 in the Patents Regulation 1981 for transfer by contract and form No. 4 in case of transfer by succession. In case of contractual transfer only, if the transferee or patentee is a company, the address of its headquarters, as well as its nationality must be indicated, and a copy of its articles of incorporation or “association” must be attached. Finally, the Registrar Office publishes the application of transfer in the Sudan Gazette upon payment of fees. Also, under section 9 of the Sudanese Patents Regulation, 1981 for the instrument to be registered, the Registrar may authorize the applicant to use a foreign language. If the foreign language used is not comprehensible to the Registrar, he may require that a translation into Arabic or English shall be appended to the Application.

Under the English Patents Act, 1977 equitable transactions are not registrable and are not subject to the limitation of the availability of damages or account for failure to register the transaction under section 68\(^{53}\). Thus, in Instutform Technical Services Ltd v. Inliner UK Plc\(^{54}\), it was held that an assignment of an exclusive licence was not a right in a patent but a right under a patent and therefore was not caught by sections 30 (6). The defendant had argued that the second plaintiff, an exclusive licensee, was not entitled to relief on the basis of section 30 (6).

In the past, under both English and American Patents Acts, registration of an assignment was essential for the validity of the transfer of a legal title. But this view is now cancelled. Accordingly unless the assignee wants to enforce his rights against other assignees, registering or making public assignment is not obligatory. The USA Patents Act, 1952

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\(^{53}\) s. 33, Bainbridge, supra, note 7, at 386.

\(^{54}\) [1992] RPC 83; cited in Bainbridge, id, at 386.
provides that an assignment must be void as against any subsequent purchaser or mortgagees for a valuable consideration without notice, unless it is registered in the patent office within three months from its date or prior to the date of such subsequent purchase or mortgage. The problem may arise when both the first and subsequent purchasers fail to register within three months, but the first purchaser registers before the second one. According to Ellis\textsuperscript{55}, as the second purchaser does not comply with the registration his assignment is void against that of the second.

The registration of an assignment of a pending application has the same force and effect as the registration of an assignment of an issued patent. Moreover, unregistered assignment of a patent is effective against the assignor. Thus, in \textit{Epps v. Mc Callum Realty Co.}\textsuperscript{56} the court stated that as between the parties thereto, it is not necessary for the validity of an instrument contemplated by the said act that it be registered. Registration becomes material only when there are double conveyances by the same person. Unregistered assignment can be enforced against the infringers. Thus, in \textit{Ormsby v. Connors}\textsuperscript{57}, the court stated that the fact that the defendant had not registered the Papers of May 29, 1902 did not prevent him from suing the infringers.

\textsuperscript{55} Ellis, supra, note 3, at 488.
\textsuperscript{56} S E 297, cited in Ellis, id, at 460.
\textsuperscript{57} F. 548, cited in Ellis, id.
(v) The Problem Concerning Construction of the Assignment

(a) Construction Given To Instrument of Transfer

The determination of the nature of the transaction as an assignment or a licence is important for the following reasons: first, in assignment, the transfer back to the assignor must be in writing. Secondly, in case of infringement, the transferor must be a party to suit if the transfer is by way of licence. Nevertheless, in Crown Die and Tool Co v. NYE Tool & Mach Works, it was held that merely transferring the naked right to sue for infringement is insufficient to constitute an assignment. Thirdly, the rights transferred under an assignment are assignable. Fourthly, if the instrument is an assignment, it must be registered to protect assignee against subsequent assignments. Thus, in Kenyon v. Automatic Instrument Co, the court stated that the practical difference between an assignment and a licence is that the former gives the transferee the right to sue for infringement, and the latter gives the transferee immunity from suits for infringement. This decision is based on the rule against multiplicity of suits. Provisions for payment based on the extent of use of patented invention do not prevent the transfer from being regarded as an assignment. Thus, in Coffman v. US, the agreement contended by the government to be an assignment called for payment of royalties to the patentee. It was held that the fact that payment is to be by way of royalties does not prevent the contract being construed as an assignment.

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58. An assignment involves a transfer of patent right while a licence generally involves more of – a sharing of patent rights; Rosenberg, supra, note 34, at 16– 5.
59. In assignment, an assignee stands in the shoes of the assignor and is entitled to deal with the patent as they see fit. In contrast with the licence where the licensor retains an interest in the patent, once a patentee has assigned the patent they no longer have any interest in or responsibility to maintain the patent, Bently, supra, note 4, at 514.
61. Ellis, supra, note 3, at 63.
62. FS 591, 67 PQ 234 WD Mich (1945); cited in Ellis, id.
63. Fs 927, 89 PQ 276, UCT cls; cited in Ellis, id, at 64.
An assignment of an expired patent coupled with an assignment of the right to sue for infringement committed prior to expiration is valid\textsuperscript{64}. In general, where there is an exclusive grant of only of two of the three rights: to make, use and vend, a grant of the third right may not be implied in broad terms rendering the entire grant an assignment. The first possible situation is that the transfer of the exclusive right to sell and use include the exclusive right to make. But if the provision is made for someone else to make, the grant of the exclusive right to sell and use must be a mere licence. Thus, in Abbot Labs v. Orthot Diagnostic Sys, Inc\textsuperscript{65}, the court held that arrangement whereby the transfer retains the right to make and use, for its own benefit, products embodying the invention claimed in the patents as well as the right to sell such product to end uses, to parties with whom the transfer has pre-existing contracts, and to pre-existing licences, were a licence rather than assignment.

The second situation appears in Nellis v. Pennock MFG Co\textsuperscript{66}. In that case the patentee assigned the exclusive right to make and sell to the complainant. It was held that the right to manufacture and sell would be nugatory without the right to use and hence, the latter was implied and the transfer was regarded as covering the entire monopoly. The third situation is that grant of the exclusive right to make and use does not imply a right to sell.

\textsuperscript{64} See Crown Die and Tool co v. NYE Tool and Machine Works referred above FS 927, 89 PQ 276 where the owner of patent assigned to NYE concerned the base right to sue the crown concern, for infringement of its patent and the right to collect damages therefore. The Supreme Court held that the owner could not assign the bare right to sue for infringement.

\textsuperscript{65} 33 USPQ 2d 1771 (CAFC 1995); cited in Rosenberg, supra, note 169, at 16 – 7.

\textsuperscript{66} Fed 451, EDPQ (1882); cited in Ellis, supra, note 135, at 92.
(b) The Construction Given to Patents as Between Assignor and Assignee

As between assignor and assignee the construction of the patent must be liberal enough to give full value of the assigned patent. In Scott Paper Co v. Marcalus MFG Co\(^\text{67}\), the court stated that, to sustain its right to enjoin infringement by the assignor of a patented invention anticipated by a prior art patent, petitioner relied on the doctrine of estoppel as applied to the assignor of a patent for value. Its basic principle was said to be one of good faith that one who had sold his invention might not, to the detriment of the purchasers, deny the existence of that which he had sold. Also, in Lock Joint Pipe Co v. Melber\(^\text{68}\), the court stated that, in construing the assignment, the whole instrument ought to be considered and meaning given to each part that was consistent with the meaning of every other part. The court further stated that when an assignment of a patent was susceptible of two constructions and was made so by the ambiguity of its words, the rule was well-established that it should be given the construction which prevailed most strongly against the party responsible for its terms and chargeable with its obscurity.

In a group of related documents concerning the assignment of a patent, the instrument assigning the patent should usually be read as if it included the other documents. But this fact is not conclusive. Thus, in Lapp v. Loufek\(^\text{69}\), the court stated that it was necessary to examine whether there was in fact one or several contracts. When one instrument refers to another for any purpose, the latter for the purpose and to extent of the reference, will be deemed to be a part of the former.

\(^\text{67}\) US 249, 66 SCT 101, 90 Led 47, 19 46 CD 616, 67PQ; cited in Ellis, id at 389
\(^\text{68}\) F 319, CCA; cited in Ellis, id at 393.
\(^\text{69}\) N3 Fs 65, 98 PQ 384, DMinn, Fourth Division, cited in Ellis id, at 397.
Clerical errors in an assignment do not invalidate the passing of title when the intent was to transfer a plurality of patent and one was inadvertently omitted from the writing. Moreover, unless the assignment provides otherwise, the usual term is that it is for the life of the author. Nevertheless, confusion arises in the date on which the transfer of legal title takes place. Thus, in *Mon Cato Chemical Works v. Jaeger*\(^{70}\), the purchase agreement was prepared and signed contemporaneously with the option agreement. It was to carry into effect the proposed purchase within the time limit specified on or before June 26, 1926. Notice was given on June 8, 1926, that the option was exercised. The court then stated that whether sulphuric acid contract speaks June 26, 1926, its date or June 8, 1926, the date of the two documents executed by the parties at the same time, for the same purpose, having a common date in fact amounts to a single agreement; the term of sale for convenience being inserted in a separate instrument just as in any option agreement, the chemists were bound under the purchase agreement from the beginning; their release being dependent solely on the failure of the company to exercise its option. On the other hand, the company was not bound unless and until it exercised its option of purchase. That the purchase agreement was intended to be an agreement effective on June 26, 1926, was clearly shown by the fact that it was so dated and that it was fully executed by all parties on that date.

In case of reservation of a licence in the assignor, the profit from such licence belongs to the assignor. Thus, in *Schayer v. R. K. O Radio Pictures Inc*\(^{71}\), the owner of the patent assigned “the entire right title and interest” in such patents subject to a licence being reserved to the owner to make, use and sell to others machines under such patent. The owner

\(^{70}\) F 2d 188, WDPQ, aff'd 42 F 2d 1018; cited in Ellis, *id*, at 398

\(^{71}\) FS 903, 62 PQ 246, SDNY, cited Ellis, *id*, at 407.
leased machines under the patent, and court held that the right to rental was not therefore transferred to the assignee.

The assignee is bound by the assignor restrictive covenant. Thus, in Syllabus of Pratt et al v. Wilcox Manufacturing CO,72, a firm which had the right to manufacture under a patent agreed with another firm, owing rival patents, that it would not interfere with the latter, and that each would protect the other against third parties. Afterwards, the first mentioned firm was merged in a corporation that succeeded to all its rights under the patent. The court held that the corporation took these rights burdened with the limitations and obligation imposed by the contract. However, the assignee is not bound by the assignor's obligation to prior licence73.

2. Assignment of Right Protected by Trade Marks Law

Like any other property right, trade marks' rights can be bought, sold or licensed. But transfer of such right is of a peculiar nature.

(i) Transfer of Registered Trade Marks

Registered trade marks can be transferred during lifetime of the author or upon death. Under the English Trade Marks Act 1994, where a trade mark registration is in the name of a deceased, an application may be filed by the executors of the estate to transfer the mark to a named beneficiary. Once a copy of the death certificate has been produced, the registrar has to proceed with the registration.74

a) Forms of Contracts

The transfer may be either by operation of law or by contract. What is relevant is the transfer by contract. In contractual transfer two forms of contract must be considered. The first form is the transfer of the trade

72. F. 529, cited in Ellis, id at, 407.
73. USA Act, 1952, s . 382.
mark without the enterprise to which the trade mark belongs. This happens upon sale of trade mark to another enterprise. Thus, it neglects the function of the trade mark as guidance to the origin of the product. This causes deception and confusion to the public. Hence, some laws require the absence of danger of misleading the public in case of such transfer. Also, it is argued that consumers are accustomed to the product sold under the trade mark, so an assignment without transfer of enterprise, or part of it, using the work would deceive consumers. Accordingly, under the Sudanese Trade Marks Act, 1969 a trade mark may be assigned or transferred independently of the transfer of all or part of the business of the owner as regards all or part of the goods for which it is registered, provided, however, that the mark must be used by the assignee so that no deception or confusion arises.

The second form of contractual transfer is the transfer of the trade mark with the enterprise. This case occurs in the sale or amalgamation of an enterprise. Sudan is a signatory since 1984 to the Paris Convention for the Protection of Industrial Property. This convention provides that it suffices for the recognition of the validity of the assignment of a trade mark in a member country that portion of the business or goods located in that country be transferred to the assignee together with the exclusive right to manufacture in the said country, or to sell therein the goods bearing the trade mark assigned. Thus, a member country is free to require for the validity of the assignment of the trade mark, simultaneous transfer of the enterprise to which the trade mark belongs, but such a requirement must not be extended to parts of the enterprise that are located in other countries.

76. WIPO, supra, note 21, at 91.
77. S. 21 (1).
78. Article 6 quarter.
Trips Agreement states simply that the owner of a registered trade mark will have the right to assign its trade mark with or without the transfer of the business to which the trade mark belongs. Thus, the assignment can be with or without the good will. WTO members retain the right to determine conditions of transfer and assignment, including possible registration. So, unlike Paris Convention, Trips Agreement does not require concurrent transfer of the business. It goes beyond the Paris Convention which deems that, in cases where the goodwill or business to which the mark belongs had to be transferred at the same time as the transfer of the mark, transfer of the portion or goodwill or business located in the country concerned was sufficient. This was fully justified under the principle of independence of rights in different territories. In spite of article 6 quarter of the Paris Convention, a number of countries require the transfer of goodwill or business and in some cases require the transfer of the entire business, even if parts of it were located in foreign territories.

Trips eliminates requirement concerning transfer of business which may be defined as the industrial or commercial establishment or the material basis of the activities. According to Gravis, contrary to Article 6 quarter, Article 21 does not refer to goodwill. “The conclusion which follows from such a choice is that while WTO members may not require transfer of the business as regards transfer of the goodwill, Article 6 quarter applies”. Trade Marks Law Treaty though it is posterior to Trips, refers to the ‘business or the relevant goodwill’ and does not allow

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79. Art. 21.
80. Gravis, supra, note 23, at 118.
81. id.
82. Which is defined as ‘customer – base’
83. Through article 2 (1) of the Trips which provides that 'In respect of part11, 111 and iv of this agreement, and article 19, of the Paris Convention 1967’ part 11 concerns with standards of the availability, scope and use of intellectual property rights. Parts 111 deal with enforcement of intellectual property right. Part IV for A acquisition and Maintenance of Intellectual Property Rights and Related Inter Parts Procedures.
contracting parties in determining the requirement to be met to record a change of ownership in a trade mark, to request that evidence be furnished that the business or goodwill has been transferred with the mark.\(^{84}\)

Under the USA Trade Marks Act, 1946 a trade mark must be transferred with the goodwill of the business concerned.\(^{85}\) This is based on public policy considerations. Thus, in *Mister Donut of American Inc. v. Mr. Donut Inc*\(^{86}\), the Court of Appeal held that the law is well-settled that no right can be transferred apart from the business to which the mark has been associated.

The English Trade Marks Act, 1994 permits the assignment of a registered mark without the goodwill of the business as well as with it.\(^{87}\) Assignment of a registered mark under this Act will take effect immediately, without the need to advertise assignment which is without goodwill.\(^{88}\)

The English Trade Marks Act, 1994 places no restrictions on the assignment of registered trade mark compared with 1938 Act. Assignment of registered mark as well as an application for the assignment must be in writing signed by or on behalf of the personal representative.\(^{89}\) The requirement of signature may be satisfied by a body

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\(^{84}\) Art. 11 (4) (iv), Gravis, id., at 119.

\(^{85}\) S. 1060.


\(^{87}\) S. 24 (1) it provides that 'not with standing any rule of law or equity to the contrary, a registered trade mark shall be, and shall be deemed always to have been assignable and transmissible either in connection with the goodwill of the business or without it, goodwill is the benefit or advantages of the good name reputation and a connection of a business. The words include whatever adds value to a business by reason of situation, name and reputation. Because the law of trade mark developed from the law of passing off, it has carried with it the limitation derived from the law of passing off. Passing off protect trader against misrepresentation affecting a distinct proprietary interest, namely goodwill. It does not protect property in the mark. Gradually this limitation has been obtained from the law of trade mark treated as form of property in their own right as section 20 provides; Bently, supra, note4, at 899.


\(^{89}\) S. 24 (3).
corporate affixing its seal\textsuperscript{90}. It does not need to be signed by the assignee or transfeee. Failure to do so will render the assignment ineffective\textsuperscript{91}. In the case of European community mark, the assignment must be signed by all the parties to the transaction\textsuperscript{92}.

The Model Law for Developing Countries allows the assignment of registered trade mark or application independently of transfer of all part of enterprise using the mark\textsuperscript{93}. This is based on the assumption that there is no need to link the assignment of trade marks to the goodwill related to them if the new trade mark owner ensures that consistent quality of the product sold under the assigned trade marks continued. So, the consumer will not be deceived. The section further provides that such assignment will be null and void if it misleads the public. Also, the English Trade Marks Act, 1994 invalidates all transactions of the persons concerned resulting in concurrent exclusive right to be used in the United Kingdom of similar or identical mark on the same or similar goods or services causing deception or confusion. Thus, it prohibits the assignment to different assignees of confusing similar marks, or assignment of the mark to different assignees for different but similar things; yet it also prevents an assignment which would leave the assignor with an exclusive common law right to the use of the mark\textsuperscript{94}.

Transfer in a business or goodwill, assigns the trade mark used in the business. Thus, in \textit{Shipwright v. Clement}\textsuperscript{95}, it was held that the sale and transfer of the goodwill of business assigned the trade mark used in the business to the purchaser and transferee by implication, and without any express grants being needed.

\textsuperscript{90} Excep in Scotland.
\textsuperscript{92} Community Trade Mark Act, art. 17 (3).
\textsuperscript{93} S. 21.
\textsuperscript{94} S. 24 (4).
Section 46 of the English Trade Marks Act, 1994 provides that “the registration of a mark may be revoked on the ground that it is liable to mislead the public”. To reconcile between this section and section 24 allowing the assignment of trade mark without goodwill which may confuse the public, courts will have to strike balance. If any elements of public deception lead a mark to become vulnerable to revocation then section 24 will be meaningless. It is further suggested that transitory public confusion in the period immediately after the assignment of mark ought to be accepted as inevitable, and merely part of price for allowing assignment at all.

Great caution will be necessary in executing assignment of registered trade marks without goodwill, and that a tenuous continuing investment of the proprietor in the good sold under the mark is unlikely to save a marginal situation\(^\text{96}\). Thus, in \textit{Scan decor Development v. Scan decor Marketing}\(^\text{97}\), two Scandinavian partners began a successful business in posters, which operated throughout Europe and elsewhere through local subsidiaries including one in the United Kingdom. The partners fell out and divided areas of the business among themselves. For a period of time the United Kingdom subsidiary controlled distribution in the United Kingdom, being an exclusive distributor of the parent company’s products, and selling its own range of calendars, prints and frames. The mark in question, ‘scan decor’ was known to the trade but not to the public. In due course relations between the parties broke down altogether, and the parent company which owned the relevant register, sued for infringement, and for passing off. The United Kingdom's subsidiary, now no longer under the ownership of the parent company, counter claimed to revoke the mark and for passing off.


At first instance, the court held that although the parent company did not control the product of its former subsidiary, there was “a fairly general recognition” that the product emanated from Scandinavia. It also held that the parent owned goodwill in relation to posters and that goodwill in relation to calendars and the like, generated by the trade of the United Kingdom subsidiary, was shared between it and the parent because of a misconception on the part of the customers that they came from the same source as posters. Although, there was confusion about the source of the goods which could be relevant deception for the purposes of section 46 “indication of origin” in that section was not an indication that the proprietor produced the goods. The relationship between the parent and the subsidiary constituted a sufficient connection. The Court of Appeal overturned the decision, holding that the judge had erred in finding that the parent could have a share in the goodwill as the result of an assumed and incorrect connection between the goods and the parents. It found that the subsidiary owned the relevant goodwill by reason of having conducted the actual trade in the United Kingdom. The parent’s counsel had conceded that on that basis the registered marks concerned had to be under section 46, by reason of their being no longer distinctive. This connection have been accepted without demur by the Court of Appeal, if it is correct then the consequence in terms of assignment which leave a registered trade mark in different hands from the goodwill associated with it are potentially very far-reaching.

“Assignment in gross” is the sale of a trade mark right divorced from its goodwill. The prevailing rule under the USA Trade Marks Act, 1946 is that an “assignment in gross” of a trade mark is invalid and purported assignee has no rights of trade mark priority of his assignor.

98. Mc Earthy, supra, note 86, at 613.
Hence, he must depend on his own date of first use against that of a challenging third party. Nevertheless, assignment of a mark prior to the establishment of a business is impossible\textsuperscript{100}.

The validity of reservation of right by the assignor occurs by an assignment of the mark and goodwill following by a licence back to the assignor. Moreover, the nature of the assignee’s use determines the defence of abandonment. Accordingly, in an invalid assignment where the assignee starts to use the mark on a type or quality of different goods or services from those of the assignor, his use of the mark is barred\textsuperscript{101}.

In an assignment of a mark, when proceedings are pending, the assignee has no right to apply to the court for an order that the costs of the assignor should be treated as his own\textsuperscript{102}. Moreover, a valid assignment subsequent, to an invalid one is held valid. Thus, in \textit{Old Charter Distillery Co. v. Oams}\textsuperscript{103}, the court held that after an invalid assignment, the assignors right remains with him and he can make a second valid assignment. In USA, a valid assignment does not transfer a distinct and separate portion of a single business entity together with the associated goodwill and trade marks\textsuperscript{104}. The USA Trade Marks Act, 1946 provides that in any assignment authorized by the Act, it is not necessary to include the goodwill of the business connected with the use of any and symbolised by another mark used in the business or by the name or style under which the business is conducted. What is important is that, whatever the assignment of goodwill that assignment must relate to a distinct and separate portion of the total business.

\textsuperscript{100} See Rogers v. Ercona Camera Corp, (1960) 107 APP X 295 277 F2d, cited in Mc McCarthy, id, at 608.
\textsuperscript{101} Mc Carthy, id at, 615 16.
\textsuperscript{102} See Marly Laboratories Limited Application, (1952) I A ll E R 1057.
\textsuperscript{103} (1947 Dist Col) 73 F Supp 539, cited in Mc Carthy, id, at 616.
\textsuperscript{104} S. 1060.
The sale of physical property is not essential to transfer goodwill. The court must give great weight to the wording of the assignment to the reality of the transferred property. Thus, in *Hy–Cross Hatchery, Inc v. Osborne*¹⁰⁵, the court indicated that it was not essential that the buyer should buy all the physical assets and commercial property of the seller in order to acquire the goodwill. There, Osborne signed to Welp an “assignment”, which recited that “the buyer purchased the trade mark, its registration and “that part of goodwill of the business connected with the use of and symbolized by the mark”. The seller, Osborne, was in the business of raising, breeding and selling poultry and hatching eggs under the mark “Hy-cross”. The buyer, Welp, acquired none of the seller’s business and no formula or list. The buyer immediately after the date of the assignment began selling his own chickens and eggs under the “Hy-cross” mark. The court held that the buyer Welp had in fact bought the “goodwill” of the seller and thus the assignment was not in gross and was valid to pass all rights to the buyer. The court held that the buyer Welp had in fact bought the ‘goodwill’ of the seller and thus the assignment was not in gross and was valid to pass all rights to the buyer. There is authority at common law as to assignment of part of business separately with the relevant trade marks. Thus, in *Pinto v. Badman*¹⁰⁶, the court held that “the brand is indication of origin …; it can be assigned when the origin is assigned with it. It cannot be assigned when it is divorced from its place of origin in the hands of the transferee; it would be something different to what it indicated in the hands of the transferor”.

In case of nullity of the assignment the assignor retains his trade mark's right. If the newly registered owner tries to use the trade mark, his

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¹⁰⁵ (1962) 49 Cust and Pat App (Pat) 1163, 303 F 2d 947 Cited in Mc Carthy, supra, note86, at 618.
¹⁰⁶ (1991) 8 RPC 181 at 194 – 195, cited in Kitchin, id, at 339, also in Sinclair case (1932) 49 RPC 123, the court were careful to avoid expressing an opinion that an assignment of part of a business with the relevant trademark could not be valid at common law.
use is not actually use. The trade mark is open for cancellation after the grace period of use of the trade mark has expired\textsuperscript{107}.

It is not necessary for the assignment to be for valuable considerations\textsuperscript{108}. So, transfer for nominal consideration is valid. Agreement for the sale of a trade mark is effective to transfer the property in the mark, care must be taken. So, a later document purporting to assign the property will be a nullity if the earlier document has already accomplished the transfer. Therefore, it is important to distinguish between an agreement to assign\textsuperscript{109} and assignment of a trade mark which transfers the legal title. Thus, in \textit{Coffexip Stena Offshore ltd`s Patent}\textsuperscript{110}, the defendant in a patent infringement action sought to rely on the failure of the assignee of the patent\textsuperscript{111} to register the main sale and purchase agreement under which the patent had been assigned to it. They argued that a later assignment, which had been duly stamped and registered, was a nullity because the property had been alienated. The court held that the first document, not being stamped was invisible to it and later assignment was therefore effective.

The Sudanese Trade Marks Act, 1969\textsuperscript{112} does not expressly provide for the “associated trade mark”. However, while the Act does not use this term, it is suggested that, where the assignor owns more than one registration for the same or very similar marks, if one registration is assigned, all such registration must be assigned to the same assignee.

In England, association of registered trade mark is repealed by the 1994 Act. There is no procedure for the Registrar to enter identical or similar marks on the register as “associated trade mark” and thus such

\textsuperscript{107} Wlpo, supra, note 100, at 92.
\textsuperscript{108} Note, 218, supra, at 116/10.
\textsuperscript{109} Which will have the effect of transferring the beneficial title.
\textsuperscript{111} The plaintiff in the infringement proceedings.
\textsuperscript{112} As well as Trips Agreement.
marks can be assigned independently of each other\(^{113}\). Under the previous Act, 1938\(^{114}\) it was not possible to assign associated marks separately, as it was thought that that would lead to a situation where the same mark might be registered in the names of different proprietors for similar good and thus could mislead the general public\(^{115}\). The problem arose as to whether an “association mark” is a mark in respect of good of the same description. Thus, in the case of **Phantom Trade Mark**\(^{116}\), Colt International Limited made an application to register the mark COLTHANTOM for industrial and commercial heating and ventilating apparatus and installation. Subsequently, Chrysler Airtemp Limited applied to register PHANTOM concerning installation and apparatus included in class 11 for heating, ventilating and air conditioning purposes, etc. Against C’s application, the Registrar cited a mark PHANTOM registered in the name of Rolls Royce limited for goods including ventilating machines and part thereof. RR mark was associated with two other trade marks. Against C A application the Registrar cited both C’s application and RR’s registered trade mark. In order to overcome the objection C got RR’s mark assigned to them insofar as it related to ventilating machines and parts thereof and applied for entering their name as subsequent proprietor’s of R.R’s mark phantom concerning ventilating apparatus and part thereof. Simultaneously, RR was cancelled as proprietors of the mark concerning goods of the same description as ventilating machines and part thereof. The Registrar informed C.A of these changes. C. A then moved for rectification of the Register by removing of the mark registered in the name of C. on the ground that the assignment and the subsequent registration were contrary to section

\(^{113}\) S. 46 (1) (d).
\(^{114}\) S. 23.
\(^{115}\) Under 1994 Act this may lead to revocation of the marks in question; Morcom, the Modern Law of Trademarks, 193 (1999).
22(4). The registrar at no time had taken any action under section 23 (5) to dissociate the R R’s mark from other marks either wholly or about ventilating machines and parts thereof. It was the practice of the Registry when a mark was transferred in part, not to require dissociation leaving the mark associated concerning those goods which had not been cut out. C contended that the Registrar had discretion in the matter and that C.A`s objection was only technical. The Registrar contended that where there was no specific provision in the Act, he had to do the best he could. It was held that, since section 23 provided that associated mark should not be assigned individually so long as they remain associated, and there was express power to dissociate according to prescribed procedure, the assignment of RR’s mark to C made without prior dissociation was a nullity, and that, accordingly, the entry was made on the register without sufficient cases and ought to be removed. On appeal to the Court of Appeal, it was held firstly that section 23 applied to an assignment of a mark concerning all goods to which it related; secondly that a partial assignment was covered by section 22 (4) and (7) without regard to the restriction in section 23; thirdly, that where the assignment contravenes sub–section (4), it would be prima facie void, and fourthly that the court, in the exercise of its discretion should allow the entry on the Register to stand even if it had come to the conclusion that the entry was wrongly made.

Certain marks registered as associated marks could be assigned or transmitted only as a whole117. Thus, in Re Keds Trade Mark Case118, the court held that certain marks registered as associated marks were not complete unit the fact of association had been entered in the association volume of the register. Until this had been done, assignment of other

117. Bainbridge, supra, note 13, at 541.
marks would only be effective, notwithstanding that it should have been registered as association mark.

The Jordanian Trade Marks Act, 1952 does not recognise the transfer of services and collective marks\textsuperscript{119}. According to the contributor’s view the assignment of a trade mark can be made without the business assets of the assignor. But this renders the assignment invalid and the title remains with the assignor. The requirement of transfer of goodwill in Jordan is based on the interest of the consumer who chooses goods or services upon the extent of the convenience of the assignor’s quality. Moreover, the absence of the assignee intention to use the mark renders it invalid. If the transfer of good becomes impossible, the assignee can reapply for registration of the trademark in his name. The acquisition of a corporation by the purchase of all of its shares automatically transfers the trade mark to the purchasers.

(b) **General Considerations in Transfer of Registered Marks**

Under English Trademarks Act, 1994 the provisions relating to the transmission of a registered mark apply equally to an assignment by way of security, that is, where the proprietor assigns his trademark to secure a loan usually on the condition that the trade mark is re-assigned by proprietor on repayment of loan\textsuperscript{120}. The security interest is not defined by the Act but this description extends to mortgages, charges and guarantees secured against the trade mark. Such interests are registered to defeat any third party seeking title or a security interest over the particular trade mark as a result of event subsequent to the creation of the security\textsuperscript{121}. The same principle applies to charges. So, a proprietor of a registered trade mark can secure any loan or other debt by granting a


\textsuperscript{120} S. 24 (4) Gyngel, supra, note 232, at 270.

\textsuperscript{121} Prrott, *Franchising law and Practice*, 5030 (1999).
charge over his trademark by way of security. The charge will be recharged when the loan or debt is repaid\footnote{Gyngel, \textit{id} at 270.}.

Under the English Trade Marks Act, 1994 it is possible to assign a pending application for the registration of a trade mark independently of another registered trade mark\footnote{id, \textit{at} 266.}. Also, the co-owners of trade mark may not grant assignment without the permission of the other co-owners\footnote{S. 23 (4).}

Under the English Trade Marks Act, 1994 it is possible to assign partially a registered trade mark in relation to particular manner of use or a particular locality without seeking the Registrar approval\footnote{S. 24 (2).}. The limitations imposed on partial assignments will be the potential difficulties of a number of different proprietors using the same work in different localities within the United Kingdom or upon different goods\footnote{Michael, \textit{supra}, note 235, at 149.}.

According to Kerly\footnote{Kitchin, \textit{supra}, note 239, at 328.}, unless a mark had strong local following to begin with, or unless the two traders concerned took care to use other, different trademarks in addition to the partially assigned mark, deception would be highly likely, if not inevitable. Partial assignment can be made as long as they do not conflict with public interest\footnote{Bainbridge, \textit{supra}, note 13, at 541.}, to avoid confusion of the public, sometimes trade mark laws allow transfer only where the goods involved are not similar to those remaining with the former owner\footnote{As the two trademarks could have been registered by different owners from the very beginning.}. In case of partial transfer the confusion of the consumer depends on how both the new owner and former proprietor will usually make use of the mark. So, it is suggested that\footnote{WIPO, \textit{supra}, note 100, at 91 – 2.} “the parties to the assignment will usually, in their own interests, include provisions in the contract of assignment that regulate the future use of both trademarks in such a
manner as to avoid confusion amongst the consumers, involved”. In such cases the matter should be left to the discretion of the court, and the Registrar cannot refuse registration. In contrast, Community Trademarks can only be dealt with its entirety and for the whole area of the Community.\textsuperscript{131} Splitting transfer that leaves good of the same descriptions in separate proprietors is invalid. Thus, in \textit{Sinclair case}\textsuperscript{132}, the assignor wanted to put one mark out of several ones held for cigarettes into the hands of a distributor which was a wholly owned subsidiary. The assignment was held invalid. But the transfer giving one proprietor the use of the mark for export and giving another the use of it in the United Kingdom is valid. However, transferring the mark on different owners for different parts of the United Kingdom is invalid unless specifically approved by the Registrar.\textsuperscript{133} Thus, in \textit{Sunbeam Motorcar Application}\textsuperscript{134}, the main objection was based on the splitting of the mark “sunbeam” between two companies carrying on as alleged substantially the same business. It was held that the good in respect of which registration was applied for, were not either in fact or commercially of the same description as those for which the mark was registered by J.M. Ltd, that the business were essentially distinct, and that registration of the trade mark would tend to aggravate but neutralise, the mischief, if any due, to splitting of the “sunbeam” mark.

(c) \textbf{Change in Nature of Goods Sold by the Assignor}

Under the general rule, a substantial change in the nature of good sold by the assignee may change the nature of the goodwill symbolized by the mark so that the mark becomes fraudulent and original rights are

\textsuperscript{131} Art.16 (1); Cornish, \textit{supra}, note75, at 17-13.
\textsuperscript{132} \textit{Supra}, note 250 at 467.
\textsuperscript{133} White, etal, \textit{supra}, note 50, at 85.
\textsuperscript{134} (1916) 32, T. L. R. 639; 33 RPC, 389, Ch.D.
lost\textsuperscript{135}. Thus, in \textit{Mulhen Sand Kropff v. Fred Muehlens, Inc}\textsuperscript{136}, the court stated that a variation in formula resulting in a highly inferior or wholly different product which was palmed off on the public place of that upon which the goodwill had been established would not justify the continued protection of the trade mark.

Minor or trivial changes do not break the succession of rights. Thus, in \textit{Sterling Brewers v. Schenley Industries, Inc}\textsuperscript{137} the changes were held to be immaterial in an assignee attempt to duplicate the formula of beer sold nine years before by the assignor from a different brewery.

The rule governing the assignment of trade marks is based on the recognition of protection against the consumer’s deception. It follows that the mark used by the assignee must be in a product having substantially the same characteristic. Thus, in \textit{Pepsi Co v. The Grapette Co}\textsuperscript{138}, the court held that an assignee who bought the mark of a cola syrup manufacturer for use in the assignee’s new ‘pepper Beverage’ could not rely upon any priority of rights of his assignor.

The trade secret is important in an assignment, because protection depends upon acquisition which made the assignee product similar to that of the assignor\textsuperscript{139}. Thus, in \textit{Muhlens and Kropff v. Fred Mudhense}\textsuperscript{140}, a party bought the mark “4711” for cologne but did not obtain the secret formula for the cologne. The court held the assignment invalid since fraud on the public was possible.

\textsuperscript{135} McCarthy, \textit{supra}, note 230, at 621.
\textsuperscript{136} (1929) DCNY. 38F 2d 287, mod. (CA2) 43 F 2d. 973; cited in McCarthy, \textit{id}, at 621.
\textsuperscript{137} (1971) Cust and pat App 44 F 2d 675, Cited in Mc Carthy, \textit{id}, at 621.
\textsuperscript{138} (1969) CA 8416 F 2d 285;Cited in Mc Carthy, \textit{id} at 622.
\textsuperscript{139} Mc Carthy, \textit{id} at 622
\textsuperscript{140} \textit{Supra}, note 284 at 622.
(d) Assignment of Literary Title and Personal Name

Under the English Trademarks Act, 1994 not only the assignor and the assignee can apply to register the transfer of title but also another interested party who would be affected by the transfer.\(^{141}\)

Concerning defect in title\(^{142}\), it will be possible for the true proprietor of the mark to apply for the rectification of the Register so as to substitute its name as proprietor.\(^{143}\) According to Article 6 spties of the Paris Convention, the true proprietor of the mark can apply for a declaration of invalidity or possibly file an application for the rectification of the register so as to substitute its name as proprietor. Such an application by the true proprietor must be made within three years of becoming aware of the registration rather than the usual five years period of acquiescence under section 48.

A personal name can be used as a trade mark and, therefore, can be assigned. In Guth Chocolate Co. v. Guth\(^ {144}\), the court held that if a person had sold a business which was identified by his personal name, the name was an asset which he had sold, and he could not keep use of the name and keep the purchase price at the same time. The court further held that one who had sold the commercial right to his name to another is under a duty of care to avoid confusing usage of his name.\(^ {145}\)

In assignment of a personal trade name, the assignor close relatives must be enjoined from use of their surname. Thus, in Madison v. La Sene\(^ {146}\), the defendant La Sene sold his upholstery business and the

\(^{141}\) This includes an exclusive licensee and subsequent proprietors who wish to register chain of title and enter its name on the Register as the current proprietor of the mark; supra, note 218, at 116/12.

\(^{142}\) Where trademark is registered by an agent or representative of the proprietor and then assigned to third party whom believer the transfer has been a bonafide assignment.

\(^{143}\) English 1994 Act, s. 60 (3).

\(^{144}\) (1914) DCMD, 215 F 750, aff (C A4) 224 F 952; Cited in Mc Earthy, id, at 625.

\(^{145}\) Karch v. haiden (1953) 120 App 2d 75, 260, 2d 633, cited in Mc Earthy id, at 627.

\(^{146}\) (1954) 44, Wash 2d 546, 269, P2d 1006, 44 ALR 2d 1145, cited in Mc Earthy id, at 627.
surname mark to the plaintiff. The defendant agreed not to engage in
competition with the plaintiff within a limited area. For a time the
plaintiff leased premises from the defendant, but then moved out.
Defendant was angry at the loss of rent, and he and his son reopened the
old business at the original premises under the La Sene trade mark. The
court enforced the non–competition clause of the sale contract by specific
performance and enjoined both father and son 'La Sene' from use of their
surname even though the son was not a party to the sale contract. The
court found that the son’s ostensible operation of the business was “a
sham and fraud” to avoid complying with the contractual term.

Except in cases of attempt of bad faith, one who has not used his
name as a trademark, can transfer or license the right to commercial
exploitation of his name. Moreover, the assignment of literary title
must be made along with all rights to specific medium. Hence, to avoid
deception, the assignee of literary title must use it on a work which is
substantially the same as the original. The presumption of transfer of a
goodwill and trademark to the buyer arises in sale of going concern
business. Thus, in President Suspender Co v. Mac William, the court
held that goodwill and trade mark are transferred even though not
specifically mentioned in the contract of sale. Nevertheless, a small
minority of courts do not admit inference of passing of goodwill to the
buyer upon sale. In Potter v. Colvin, for instance the only document in
sale of a motel was a real estate deed. The court refused to infer that
goodwill passed to the buyer who later set up a motel on adjoining land.

147. Mc Earthy, id at 628.
148. id, at 629.
149. (1916), A2, 238 F 159, Cited in Mc Carthy, id.
(ii) Transfer of Unregistered Marks and Pending Application

The Sudanese Trade Marks Act, 1969 does not recognise the transfer of unregistered trade mark. Under the English Trade Marks Act, 1938 it was possible to assign an unregistered trade mark if it was assigned at the same time as a registered mark used in the same business\textsuperscript{151}. There is no such provision under 1994 Act. A trade mark which is not registered can only be assigned with the goodwill of the business in which it is used as was the case before the Trade Marks Act, 1938\textsuperscript{152}. However, in the case of Shipwright v. Clement\textsuperscript{153}, it was held that sale of the goodwill of a business will by implication operate as an assignment to the purchasers of unregistered trade mark used in that business without any express specific assignment of the trade mark needed. Accordingly, if a trade mark is neither registered nor the subject of an application it must be assigned in connection with the goodwill of the business in which it was used in order to constitute a valid assignment of the unregistered trademark.

If an unregistered trade mark is wished to be assigned independently of the goodwill, it will be necessary to make an application for registration before executing the assignment. If the application of registration failed, the assignment does not transfer any right of the property in the trade mark\textsuperscript{154}. Nevertheless, in Spalding v. Gamage\textsuperscript{155}, the court declared that, if the right which is invaded by the use of a mark calculated to lead to passing off is a right of property; the view is that the

\textsuperscript{151} S. 22

\textsuperscript{152} S. 24 (6) it provides that nothing in the Act affects the assignment or other transmission of unregistered trade mark as part of the good will of a business. Such assignment will be governed by the common law rule relating to unregistered trademark. The common law sale of assignment of unregistered mark is that unregistered marks are not item of property in their own right and therefore cannot be assigned independently of the business in which they are used.

\textsuperscript{153} (1871) 19 WR 599, Cited in Gyngel, supra, not 232, at 269; Michaels, supra, note 235 at 150.

\textsuperscript{154} Morcom, supra, note 251, at 193.

\textsuperscript{155} 1915) 32, RPC 273, Cited in Kerly, Trademarks and Trade Name, 245 (1986).
property lies, not in the mark itself, but in the goodwill of the business in connection with which it is used.

A sale of business acts as an assignment of any unregistered trade marks used in that business. In case of partial assignment of business, the assignee must ensure that it has a relevant part of the business or enough of the business to enable it to take possession of unregistered mark. According to “Bently\textsuperscript{156} this common law distrust of the trading in marks reflects the understanding that marks are protected because they operate in the consumer’s eye as indication of source”.

In Jordan, trade marks, rights can only be acquired by registration. Nevertheless, incentive prior use which enables the trade marks to become widely known to Jordanian consumer is exempted. The Registrar or the court confers on user certain rights including opposition proceedings. But these rights cannot be transferred\textsuperscript{157}. There is no statutory recognition for assignment of pending application under both Sudanese Act, 1969 and the old English Act 1938, which provided for assignment of pending application on condition that it ought to be registered with the same goods or services and to the same assignee\textsuperscript{158}. The English Trade Marks Act, 1994 provides for applications for registration to be treated, as object of property in the same way as registered trade mark. So, assignment of pending application can be legitimately assigned without accompanying registered marks\textsuperscript{159}.

(iii) Registration of Assignment:

Under the Sudanese Trade Marks Act, 1964 the assignment must be registered at the instance of either party within a period of six months

\textsuperscript{156} Bently, supra, note 6 at 901.
\textsuperscript{157} Dootesh, supra, note 267 at 17.
\textsuperscript{158} s.22 (3).
\textsuperscript{159} s.25;supra,note 218,at,116/2.
from the date of instrument and upon payment of the prescribed fees\textsuperscript{160}. In the absence of such registration the assignment is null and void. On the receipt of the application for assignment or transmission, and on proof of title to his satisfaction, the Registrar must cause an entry of the assignment to be made on the Register. A non–resident must apply through an agent\textsuperscript{161}. Under English Trade Marks Act, 1994 registration is not compulsory. There are two important reasons to register: first registration protects a person acquiring conflicting interests. Secondly, registration is necessary for the assignee to be able to sue and obtain full relief for infringement\textsuperscript{162}. So the Act provides that an application which has been made to register the assignment is ineffective against a person acquiring conflicting interests in the work in ignorance of the assignment\textsuperscript{163}.

The English Act goes on to provide that the assignee is not entitled to damages or an account of profit in respect of any infringement of the trade mark occurring after the date of the assignment and before the registration of its particulars\textsuperscript{164}.

The assignee must apply to the Registrar within six months of the advertisement of the assignment; otherwise the assignment becomes invalid. Thus, in Reuter Co. Ltd v. Mulhens\textsuperscript{165}, under trading with the enemy legislation, certain trade marks became vested in the custodian of enemy property who assigned them to an English company. The custodian carried on business in the goods “Eau-de-Cologne” but the assignee did, and was, at the time already using the marks. The assignee applied to the Registrar for directions under section 22 (7), but the

\textsuperscript{160} S. 21 (2).
\textsuperscript{161} S. 31
\textsuperscript{162} Kitchen, supra, note 239, at 329.
\textsuperscript{163} S. 25
\textsuperscript{164} S. 25 (3)
\textsuperscript{165} (1953)70R.P.C 235, cited in Narayanan, supra, note 264, at53.
Registrar took the view that “business” here meant “business of the assignor”, and did not entertain the application. The Court of Appeal was inclined to agree with the Registrar, but held that if the Registrar was wrong “it is hard to see how the assignment was otherwise than connection with the goodwill of the business in which the trade marks were used”. There was strong suggestion that merely making the application to the Registrar was sufficient with the sub-section, notwithstanding the fact that he refused to entertain it. Thus, the assignment was held valid,

According to Prott166 “the fact that the assignment will lose the right to receive damages or an account of profit for infringement in the interim if registration is delayed by more than six months may well be an incentive for the assignee to take the initiative”.

According to Michaels167 “it seems an assignee who has the benefit of an assignment in writing complying with section 24 (2), but who has not registered an assignment at the Trademark Registry, will be able to bring proceedings for infringement despite the lack of registration of the assignment”. Also, according to WIPO168 “the recording procedure is sometimes very long and drawn out, and some do not permit recording of pending application. In such cases, the new owner would often be totally blocked, as the former owner might no longer exist, or at least might no longer be interested in proceeding against infringement of his former trademark rights”

Under the Jordanian Trade Marks Act, 1952 to avoid an official fine, the assignment must be within six months from the date of execution. Nevertheless, the practice in Jordan is that the registration of the

166. Prott, supra, note 269 at 5030.
167. Michaels, supra, note 235, at 150.
168. WIPO, supra, note 100, at 92.
assignment can be at any time\textsuperscript{169}. The assignee can appoint a “trademark representative” registered with the trade mark office and that representative can register the assignment by the general power of attorney. He may also undertake tasks\textsuperscript{170}, but he cannot make opposition nor institute infringement cases. These cases can only be instituted by a lawyer. A transfer of pending trade mark application cannot be registered by the trade mark office. However, there are two alternative methods: the first method establishes two sets of assignment documents to be registered, one for pending application and the other for all granted registration. The second method combines all pending application and all granted registrations in the same registered deed of assignment. The second method avoids the necessity and expense of two documents, and therefore it is the best\textsuperscript{171}.

Also, according to Jordanian Trade Marks Act, 1952 a registration may cover only a single class. A partial assignment that transfers only a portion of goods covered by a single registration is not recognised. The Act provides for an exception in case of dissolution of a partnership\textsuperscript{172}. The registration clearance certificate issued by the local boycott office in Oman is required from a foreign assignee.

Under the USA Trade Marks Act, 1946 a certificate of registration of a mark issued to the assignee of the application, but the assignment must first be registered in the Patent Trade Marks Office. In case of change of ownership the commissioner must, at the request of the owner and upon a proper showing and the payment of the prescribed fees, issue to such

\textsuperscript{169} Doofesh, supra, note 267, at 15 – 16.
\textsuperscript{170} Change of name, mergers, the filing of new applications and renewal.
\textsuperscript{171} Doofesh, id. at 15 – 16.
\textsuperscript{172} Art. 19 (2)
assignee a new certificate of registration of the said mark in the name of such assignee for the unexpired part of the original period\textsuperscript{173}.

The registration of an unused mark in the wrong name does not affect the validity of its transfer into the right name\textsuperscript{174}. Moreover, registration is not a condition precedent to the assignee’s right to sue. Hence, the assignee has right to sue before his name is entered in the Register. Thus, in \textit{Ihlee v. Henshaw}\textsuperscript{175}, a trade mark was registered in the name of a partnership firm with Ihlee and Henshaw as partners. On dissolution of the partnership, the interest of Henshaw was vested in Ihlee who took Sankey as a partner to carry on the business of the firm. Their names were in course of time entered as registered owners. In the meantime, while the trade mark stood in the name of the original partners, the new partner commenced an action for infringement. The action was objected to on the ground that new partners, not being registered as owners of the mark, were not entitled to sue. It was held that the plaintiff could maintain the action. The court ruled that what was contemplated by the Act was the existence of registration from time to time when an assignment took place. Nevertheless, there was nothing in the Act, to make such registration of an assignment a condition precedent to the assignor’s right to sue. Moreover, if the assignment involves geographical division within the United Kingdom, the Registrar must first find that it is not contrary to the public interest.

\begin{footnotes}
\item \textsuperscript{173} S. 1057 (d).
\item \textsuperscript{174} White, et al, \textit{supra}, note 50, at 85.
\item \textsuperscript{175} (1886 a) 31 Ch. D 323.
\end{footnotes}
(iv) Assignment Under other International Agreement

In the previous section I refer to Paris and Trips Agreement. In this section I am going to discuss other international agreements.

Sudan has, since 1984, been a member of Madrid Agreement for the International Registration of Marks, 1891. This convention deals with the transfer of international marks undergoing changes in the country of the proprietor. It provides, firstly, that when a mark registered in the International Register is transferred to a person established in a contracting country other than a country of the person in whose name the international registration stands, the transfer must be notified to the International Bureau by the office of the latter country. The International Bureau must register the assignment and notify the other offices there and publish it in its journal. If the transfer has been affected before the expiration of a period of five years from the date of the international registration, the Bureau must seek the consent of the office of the country of the proprietor, and must, if possible, publish the date and registration number of the mark in the country of the new proprietor. Secondly, it provides that no transfer of a mark registered in the International Register for the benefit of a person who is not entitled to file an international mark must be registered. Thirdly, it provides that, when it has not been possible to register a transfer in the International Register, either because the country of the new proprietor has refused its consent or because the said transfer has been made for the benefit of a person who is not entitled to apply for international registration, the office of the country of the former proprietor has the right to demand that the international bureau shall cancel the mark in its Register.

177. Art, 9 bis.
The Madrid Protocol provides that at the request of the registered proprietor, an interested person or an interested office, the International Bureau of the World Intellectual Property Organisation (WIPO) will record in the International Register an assignment which may be in respect of the same or all of the relevant territories and for some or all of the appropriate goods or services. The only requirement is that the assignee must be a person or a business qualified to file international trade marks in general.

Under the European competition law any assignment which follows a market sharing agreement will be prohibited as being anti-competitive. Assignment which prevents free movement of goods by being in some way or another imposed restriction on trade will be invalid unless the assignment can be justified. The European Competition Law provides that “protection of industrial and commercial property (which includes trade mark rights) can, where justified legitimately, act as a restriction on the free movement of goods”. Courts have broadened the concept of what can be deemed as justified. Thus, in *International Heiztechnik GmbH v. Ideal Standard GmbH*, the decision forced the view that trade mark rights are territorial and that the function of a trade mark as indication of origin should be considered with regard to particular territory.

Article 85 (1) of The European Community Law takes form of general prohibition followed by non - exclusive list of specific prohibited practices. It provides as incompatible with the common market: all agreements between undertaking decisions by association of undertaking and concerted practice which may affect trade between Members States

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178. Art. 9.
179. Art.81.
181. Supra, note 218, at1 16/15
182. [1994]; cited in id.
and which have as their object or effect the prevention, restriction or distortion of competition within the common market\footnote{in particular those which directly or indirectly fix purchase or selling prices or any other trading conditions; limits or control production, market technical development, or investment; share market or sources of supply; apply dissimilar conditions to equivalent transaction with other trading parties, thereby placing them at a competitive disadvantage.}. Thus, in \textit{Sirena v. Eda SRL and others}\footnote{[1994]; cited in \textit{id}.}, an American company, Mark Allen, registered the trade mark ‘Prep in Italy’ in respect of shaving cream in 1933. In 1937, Mark Allen assigned the “prep” trade mark to company, Sirena SRL. The assignment was of “all rights title and interest” in the said mark for Italy. Mark Allen later similarly assigned its ‘Prep’ trade mark for Germany to a German company. Both Sirena and the German company manufacture shaving creams under the “prep” mark. Eventually, the German company began to export its products to Italy through an independent Italian company by the name of Novimpex SRL. The German company's products were sold in Italy at much lower prices than those of Sirena. This led Sirena to institute proceeding before an Italian Court against both Novimpex and certain retailers, alleging trade mark infringement. The defendant sought to rely on article 85 and 86 as a defence whereupon the Italian court suspended proceedings. The court accepted Article 85 defence, after affirming that trade marks right do not in and of themselves infringe Article 85 (1) because those assignments apparently did not give rise to consequences which exceeded in any way those naturally from the exercise of national trade mark rights. They did not contain contractual restrictions on the exercise of those rights. Also the court held that there are two types of trade marks assignment; in the first one the assignee does not receive any protection over and above the right conferred by national trade mark law or any owner of a registered trade mark. In this type of assignment the position of the assignee is very similar to that of the original owner, and the assignment cannot be
regarded as caught by Article 85 (1), unless the special factors are involved such as a concerted practice which itself infringes Article 85(1). The second type of assignment confers upon the assignee rights and obligations additional to those which would be enjoined simply as a result of operation of national law, alternatively should property be regarded as part and parcel of pattern of similar assignment having effects, which go beyond the consequence of mere assignment. Article 85 (1) is clearly more likely to apply to assignment of this type.

Assignment which infringes article 85 (1) is provided by Commissions decision in the Advocaat Zwart Kip case. In 1920 VB Van Olffen Hatteu, a Dutch company registered various designs and trade marks embodying the words “Advocaat Zwarte Kip” for Belgium, Holland, and Luxembourg. Subsequently beginning in 1938, the trade mark rights for Belgium and Luxembourg were assigned on a number of occasions most recently in 1955 to a company named Cinaco SA Brussels. Cinaco produced and distributed spirits in Belgium and Luxembourg. In 1971 van Olffen re-registered its right as existing owner of “A dvocaat Zwarte Kip” under the Benelux arrangement, with the exceptions of the rights for that mark in Belgium and Luxembourg. Similarly, and also in 1971, Cinoco Sa re-registered under Benelux arrangement its rights as owner of “advocaat Zwarte Kip” for Belgium and Luxembourg. Cinoco learned that a Belgium wine merchant had purchased a quantity of Avocaat bearing “Avocaat Zwarte Kip” trademarks from a Dutch dealer and that the question had been manufactured and placed on the market by Van Olfen in Holland. There-upon Cinoco instituted proceeding before the Belgium court claiming trademark and design infringement, and seeking injunctive relief. In the

185. Cited in Guy, id. at 217.
course of these proceedings, the Belgium wine merchant complained to European Commission, under Article 3 of Regulation 7. The commission noted that the exchange of correspondence between the parties provides clear evidence that 1938 assignment had continuing effects. It therefore concluded that in so far as the “Advocaat Zwarte Kip” trade mark registration was being used to prevent imports and exports, the 1938 agreement had the effect of restricting competition within the EEC in the meaning of Article 85(1). Moreover any danger of consumer being misled as to differences in quality and the like could be avoided by information on bottle tablets. Accordingly, differences in quantity and considerations of consumer protection circumstances cannot justify a portion of markets.

4. Conclusion

In all legal systems including patent law, trade marks law together with the principles of Trips Agreement, Madrid Agreement and other international agreements, writing is used as evidence of the legal document referred to as “assignment”. Since the assignment affects the legal title of patent it must be registered. Registration is essential in the interest of the assignee. Also registration of trade mark assignment enables it to be recognised as valid and enforceable between the parties as against any subsequent assignee in good faith. However, the Sudanese Trade Marks Act, 1969 does not provide detailed rules in respect of assignment in general. Consequently, it is not clear whether the transfer has retrospective effect to the date when it was actually made.

A contract to assign future inventions is nothing more than a mortgage on the patentee’s future work. It is a contract of probability and contingencies in which future inventions are assigned along the same lines as the assigned inventions. The Sudanese Patents Act, 1971 as well as other systems of laws makes the assignment by a co – owner subject to
agreement between the parties. Under English and Sudanese laws as well as under Trips Agreement a trade mark can be transferred with or without the good-will of the business. Under USA Trade Marks Act, 1948 assignment in gross is enjoined because the good-will is an intangible incident connected with the business and is therefore not liable to be disposed of independently. The assignment of unregistered mark takes away the assignees enforcement right of providing ownership of good-will. Thus, the assignee can acquire no enforceable rights against any one but the assignor.

Whether a transfer is an assignment or a licence is determined by its legal effect and not by the name given to the instrument. Moreover, upon interpretation of an assignment the intention of the parties must be considered.
Chapter 8

Licensing of Copyright and Neighbouring Rights

This chapter deals with different methods of licensing of copyright and related rights, namely; contractual licence, compulsory licence, and licence of right.

1. The Nature of Copyright Licence

A license does not transfer the property, but it is merely an authorization to another person to exploit the work free from any possibility of infringement proceedings being brought by the copyrighting owner. The Sudanese Copyright and Neighbouring Rights Protection Act, 1996 does not expressly provide for licensing of copyright including its definition and conditions.

A licence is distinct from a mere consent to do certain acts. The consent of the owner of copyright exempts infringement liability for reproducing the work but it does not involve the property rights as a true licence does.

A licence takes many forms from a one–off permission through an exclusive licence. It may be limited geographically, temporally, and in relation to specified modes of exploitation of copyright works. Express licence clarifies what is and what is not permitted, with the extent of the rights licensed. In express licence it is possible to impose limitations. Examples of such limitations might include making the licence personal or

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1. for example the author of ingenious piece of software may well lack the means to produce in bulk the computer disks and instruction manuals necessary for the effective commercialization of his work but he reluctant to assign away his copyright, his alternative is to license a recognized software house to reproduce the program and the instruction manuals in return for a royalty on each copy sold; Forms and Agreements on Intellectual Property and International licensing, 5–20-1 (3rd ed 1998), v.1.
2. White and Others, Patents, Trade Marks, Copyright and Industrial Designs, 154 (1978).
non-assignable. Such limitations might be useful in preventing a competitor, perhaps by an indirect means, a licence concerning licensor's copyright, but care must be taken to ensure that such provisions are not opened to the charge, that they are anti-competitive or otherwise prohibited by law. There are two types of express licence: a sole licence and exclusive licence. A sole licence grants rights to licensee alone, but not to the exclusion of the licensor. Thus, the licensee knows that the only legitimate competition which he will face will come from the licensor. To protect himself, a sole licensee can impose a clause on licence to litigate in respect of infringement within the licensee's territory.\(^4\)

The most important forms of licence is the exclusive licence. Exclusive licence means that permission will be granted to one publisher only.\(^5\) The legal consequences of this is that the licence confers on the licensee a right in respect of copyright work to the exclusion of others, including the licensor. Exclusive licence is the same as assignment. Consequently, publishers prefer the grant of exclusive licence rather than full assignment by author.\(^6\) The payment of royalties may be required in case of a licence agreement and assignment. Thus, in Jonathan Cape Ltd v. Consolidated Press Ltd, there was an agreement between the author and the plaintiff publishing company, granting the latter, its successors and assigns the exclusive right to print and publish an original work... provisionally entitled "A mouse is Born " in volume form. The agreement was partial in terms of the copyright acts "printing and publishing and in the territorial scope "a

\(^4\) This precaution is a prudent one as a sole licensee has himself no right upon which to sue for infringement of the licensed copyright.

\(^5\) It is an agreement according to which a copyright owner permit the licensee to use the copyright works. At the same time, the copyright owner promises that they will not grant any other licences and will not exploit the work themselves; in some way it is intangible property equivalent of lease.

\(^6\) the Publishers Association Code of Practice 1996, reversed and Reissued, recommended that in publishing contract the author should normally retain copyright; note 1 supra, at5-22.

\(^7\) [1954]3All ER253.

\(^8\) being the first owner of the copyright.
specific area including Australia. The defendant substantially reproduced the works, but argued that the agreement was a licence and that as the result the plaintiff could not bring an action without joining the author. The court held that the agreement was assignment and not mere licence. Also, if the copyright is substantially reassigned to a third party, the terms providing for royalties payment will be unenforceable against the third parties on the basis of privacy of contracts. In Baker v. Stickney, it was held that a person acquiring a copyright is not bound by mere notice of a personal covenant by a predecessor in title.

Nevertheless, there are legal differences between an assignment and exclusive licence. The first difference is that an assignee becomes the copyright owner whereas exclusive licensee does not. According to Bently, "one of the consequence of this is that the remedies available to the exclusive licensee are limited to those that arise in an action for breach of contract against the copyright owner". The second difference is that the rights given to licensee are less certain and can be defeated at the hands of purchaser in good faith for valuable consideration and without notice of the licence. However, in practice it would be very difficult for the purchaser of the copyright to show that he did not have constructive notice, especially if the work had already been exploited commercially. This protection is only for purchaser and does not include a person who receives the copyright as gift on the death of the owner. Third, an exclusive licensee may not be able to grant a sub licence or transfer the benefit of his licence to third party. Fourth, the right of an exclusive licensee may be limited by implied terms. Finally, a copyright owner who wishes to permit another to

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11. Actual or constructive notice; English Copyright Patents and Designs Act 1988, s.90 (4).
12. The receiver of a gift on the death must respect any existing licences covering the work regardless of the Knowledge; Bainbridge, supra, note 9, at 91.
exploit a work can retain better protection by giving an exclusive licence”.

Concerning computer program, the copyright owner might grant an exclusive licence to a software publisher who will then grant non-exclusive user licences to "purchasers of copies of the programs". The user will need licences because loading a program onto a hard disk or into a computer memory involves making a copy or adaptation of the programs, acts restricted by the copyright.\footnote{13. Bainbridge, Introduction to Computer Law, 20(4.ed2000); non exclusive software licences are very common and are used where the copyright owner retains ownership allowing several or many other persons to use the software.}

Under the English Copyright, Patents and Designs Act, 1988 exclusive licence must be in writing signed by or on behalf of the owner of the copyright.\footnote{14. S.91.} Under non-exclusive licence, no formalities are required but it is better to make a written record of the agreement. It might be contractually or gratuitous. In the United States of America the absence of writing renders the transmission to be defeated by a subsequent transfer of the right under which it is granted.\footnote{15. note1, supra, at 5-22.} A true licence gives the licensee a stronger position and rights against the owner himself or against anyone to whom he sells the copyright. Moreover, unlike a bare licensee, who has no right to sue in relation to the act set out in the licence, a licensee of exclusive licence has the right to take action for alleged infringement without joining the right owner as co-plaintiff.\footnote{16. Sterling, World Copyright Law, 487 (2003).} Thus in Biotrading & Financing Or v. Biohit\footnote{17. (1988) FSR125; cited in note 1, supra, at5-22.}, a licence granting an exclusive distributor "the full sole and exclusive license to dispose of and import the product which are comprised by parts protected by copyright" has been held to be an exclusive licence and therefore to carry with it the right to take action against third parties who performed acts which are acts of copyright
The English Copyright, Designs and Patents Act, 1988 provides that the exclusive licensee has the rights and remedies in respect of matters occurring after the grant of the licence as he or she would have if the licence had been an assignment. A mere consent is capable of being withdrawn by the copyright owner, or nullified by a sale of the copyright. In such a case, the available remedy of the party is action for breach of contract. In Muckett v. Hill, the court stated that a dispensation or licence property passed no interest but only made an action lawful which, without it, would have been unlawful.

"Shrink-wrap licensing" is the other form of licence. It is defined as "distribution of computer program to the public in enclosed packaging or shrink-wrap which, when undone by the purchaser, reveals the presence of a license setting out the terms on which the computer program may be used". Thus, in the US case Bowers v. Bay state Technologies Inc, a shrink-wrap licence forbade reverse engineering of enclosed computer program. The defendant reverse engineered the program, and was sued for (inter alia) copyright infringement. The defendant pleaded that US Copyright Act pre-exempted the prohibition of the reverse engineering in the shrink-wrap licence. The defence was rejected. The judge observed, "Courts respect freedom of contract and do not lightly set a side freely entered agreement ". The Copyright Act provides that all legal and equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright are governed exclusively by the Act. However this does not cover "extra elements" which go beyond mere copying, distribution,

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18. S.101 (1); Bently, supra, note4, at 257.
20. 21. (Fed.Cir2003 Fed.Cir.2003; cited in sterling, supra, note17, at490;this case represents how far the copyright owner may by contractual terms effectively prevent a user from committing acts which are not infringements under the copyright legislation.
etc\textsuperscript{21}. In effect, the terms of the contracts provided "extra elements", so the claim in contract was not pre-empted.

The practice in US and Scotland use the so-called "shrink-wrap licence". Many of soft warehouses which are concerned with volume sales have opted to supply software in clear shrink-wrap sealed package in or which appear the license or notice of its existence. "The purchaser is usually informed that he or she will, by opening the package, be accepting or will be deemed to have accepted the supplier terms, but that should he or she not want to accept those terms then the product may be returned unopened for a refund"\textsuperscript{22}.

In a Scottish case, a customer ordered upgrade software from a supplier other than the proprietor of intellectual property in that software. Upon receiving it, the customer was confronted with a shrink-wrap licence which cautioned that opening the package would constitute acceptance of the terms and conditions, those terms imposing a narrow end user licence. The customer decided against pursuing this course and sought to return the upgrade to the supplier. The supplier alleged that the customer's order had been unconditional and unqualified and wished to allow only a deduction for the installation charges which had not in the event been incurred rather than a full allowance for the price of the software. The court held that computer software sale cannot be characterized in a uniform way, sales of software are not merely sales of goods, as the supplier is providing a copy of a software and a right under the intellectual property to access and use it. The contract of the software can not be formed until the proprietor of the right in the software's terms had been accepted by the customer. "Opening the shrink-wrap did not create a fresh contract with the proprietor. It was not satisfactory to treat the situation as giving rise to implied terms that the

\textsuperscript{21} i-e the rights granted under the Act.

\textsuperscript{22} note 1, supra at 5-42.
supplier would supply the software and the right to use it on terms to be stipulated by the proprietor of copyright in it\textsuperscript{23}.

The US courts are prepared to accept the practice of imposing a license using the shrink-wrap approach as valid. Thus, in \textit{Pro CD v. Zeindenberg}\textsuperscript{24}, the court held that a defendant purchaser may be bound by the terms of a shrink-wrap licence even where terms were not displayed on the outside of the package, on the ground that under the Uniform Commercial Code a vendor can invite acceptance by conduct; the defendant had an opportunity to read the licence, to inspect the package and try the software.

Also, in \textit{Morgan Labor Inc v. Micro Data Base System Ltd}\textsuperscript{25}, a US court held shrink-wrap licence ineffective where they conflict with master agreement. Thus, a shrink-wrap licence which contained a forum selection clause, where the master agreement between the same parties did not, and where the master agreement also required any variations to it be agreed in writing and signed by both parties\textsuperscript{26}, was held ineffective.

Because the above Scottish decision and the American one are not reconcilable, conflict will arise in the UK concerning software originating in the US purporting to impose a shrink-wrap licence.

"Click wrap-licensing" is licensing affected through clicking the appropriate box on an Internet website offering material like computer program for download and use. The problem arose in this type of contract in the identifying the location of the place where the contract is made, and the applicable law to the validity, etc.

\textsuperscript{23} note 1, \textit{supra}, at 5-43.
\textsuperscript{24} 86F3d1447, 39USPQ2d1161 (7thCir1996); the decision did not reject the goods and did not bar enforcement of such a licence; cited in id.
\textsuperscript{25} 41USPQ42 1850 (N.D Cat 1977); cited in note1, \textit{supra}, at 5-43.
\textsuperscript{26} Which the shrink-wrap licence had not been.
2. Express and Implied Contractual Licences

A licence can be express or implied. In express licence, the consideration should always be given as to whether it is also exclusive. A license of copyright may be valid though oral and it may be implied from conduct. From a lawyer point of view "implied licences often leave a penumbra of uncertainty which in the event of a dispute could prove undesirable. Within the constraint of common sense, it is usually desirable to reduce any licence to writing rendering its terms express; this exercise serves as an initial discipline, and often high lights areas of possible difficulty and thus enables them to be removed or provided for and effectively avoided". Under the English Copyright, Designs and Patents Act, 1988 the licence must comply with formalities similar to those of an assignment so that an infringer may be sued. Accordingly, the licence must be in writing and signed by or on behalf of the licensor. Moreover, the licensee has no right to grant a sub-licence.

Sometimes a licence can be inferred from the circumstances in which the copyright materials are supplied. Thus, an author who sends an article to a journal which has invited contribution on a gratuitous basis may be taken to have authorized publication within the terms of invitation, even though there is no specific contract on the point. The court might determine the purpose and the extent of any licence from the fee when viewed in the light of the standard professional fee scale operating. A commission to prepare the work is the best example for implication. Thus, in Blair v. Osborne and Tomkins, an architect was hired to prepare plans

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28. note 1.
30. Sterling, supra, note 17, at 487.
31. [1971] 20 B 78 (C.A see also Hunter v. Fitzory Robinson (1978), it was said to be strongly that where plans have been commissioned they can used, and even modified by another architect; Colston, Principles of intellectual Property Law, 223(1999).
for the submission of a planning application to a client and was paid for the work to this point. After securing permission, the land owner built in a way that reproduced the plans, and was held to have an implied licence to do so even though he had not employed the architect to supervise construction of the building. By contrast in Stovin Brade v. Volpoit properties ltd\textsuperscript{32}, no licence was implied where the client had not paid the full fee.

The question whether the new forms of exploiting copyright falls within the scope of licence might be disputed. The answer depends on the construction of the agreement and the intention of the parties. Thus, in Hospital for Sick Children v. Walt Disney Production Inc\textsuperscript{33}, the question arose as to whether in respect of all his literary and dramatic works, was limited to silent films or extended to sound films\textsuperscript{34}. Recently in the United States of America Peggy Lee was awarded $3.8 million in respect of her contribution to the Walt Disney Cartoon film the Lady and the Tramp on the basis that her contract with Walt Disney did not extend to selling video of the film. The contract was drawn up before video technology existed\textsuperscript{35}.

According to Bently\textsuperscript{36} "the courts have indicated that they will normally only imply terms into a contract in two situations: first terms may be implied by law where they are inherent in the nature of the contract. Secondly, terms may be implied to fill gaps left in an agreement". However, the courts will only interfere in this way where it is necessary to provide business efficiency. Concerning the terms implied by law, the court is concerned with whether the contract falls into a particular class. Express terms are relevant for the court to indicate that the parties did not intend the normal incidents of the particular class of contract to apply. The classes

\textsuperscript{32} (1971); cited in Colston, id.
\textsuperscript{33} (1966) 1WLR1055; cited in Bainbridge, supra, note10, at92.
\textsuperscript{34} The first sound film shown to cinema audience was the Jazz stinger in 1927.
\textsuperscript{35} The Times 7 October 1992 at p. 16.
\textsuperscript{36} Bently, supra note 17, at 259.
subject to such implied terms are not closed. They change with the necessities of times. Thus, in an Australian case Acohs v. R.A Bashford Consulting, the court has indicated that one such class of contract concerns a person who prepared written material with the intention it should be used in particular manners. The specific terms to be implied in this class then depend upon the particular purpose.

In implying terms courts consider express terms and the surrounding circumstances. It has been said "for a term to be implied it must be reasonable and equitable, necessary to give business efficacy to the contract, obvious that it goes without saying, capable of clear expression ,and must not contradict any express terms of the contract".

The court approved this decision in the case of Ray v Classic EM. It found that an expert in music who had been engaged by a radio station to catalogue its musical recordings had copyright in the catalogues produced. While the terms of his consultancy were silent as to copyright, the court held that he had granted an implied licence to the radio station to do certain things with the catalogues. The scope of the licence was limited to use of the material of the purpose of broadcasting in the UK. This means that claimant's copyright was infringed where copies were made for the purpose of exploiting the database abroad.

For the interest of the consumers, sometimes the courts have tended to react flexibly in deciding the nature and extent of any licence. In Sloar Thomson v Barton, the court held that the sale of an article to a consumer usually carries with it a licence to repair that article. Also, the sale of knitting pattern might carry with it an implied licence to the effect that a

37. (1997) 37IPR542 (FCA); cited in Bently, id.
38. BP Refinery (Western Port) v. Hasting Shire Council (1977) 16SLR 376, cited in Bently, id.
40. [1977] RPC 537,560;the court insisted that it is well established that the purchaser of an article which deteriorates or wears in use is entitled to take such steps as are necessary to maintain it in good working order; note1.
person can make the pattern for domestic, but not commercial purpose\textsuperscript{41}.

Where the licence is claimed by a competitor who could have entered formal contractual arrangement but neglected to do so, the courts have been reluctant to imply a licence\textsuperscript{42}. Also, in the case of \textit{Weir Pumps LTd v. CML.Pumps & Amor}\textsuperscript{43}, the question of whether or not using drawings of components of a machine obtained other than for the purposes of repair was a legitimate alternative to actual reverse engineering or an infringement was considered and was held to be unacceptable.

A different approach was developed in \textit{British Leyland Motor Corporation LTd v. Armstrong Patents Co.LTd}\textsuperscript{44}. It was held that the purchaser of goods protected by copyright should have implied license to repair those goods and that this licence should extend to commercial supplier of spare parts. A copyright owner's right must be balanced against the car owner's right. The plaintiff sought to exercise copyright in drawing for cars exhausts to prevent the defendants from making spares by indirect copying by reverse engineering. The House of Lord did not imply the licence, distinguishing copyright protected works from patented goods where such a licence may be implied.

In Australian case of \textit{Time Life International v.Interstate Parcel Express Co.}\textsuperscript{45}, it was argued that the legitimate purchase of copies should

\textsuperscript{43} [1984] FSR33; note 2, at 5-23.
\textsuperscript{44} (1986) cited in note 1, supra, at 5-24; that approach was the substitution of the doctrine of non-derogation from grant borrowed from land law/the principle that a grantor will not be allowed derogate from his grant by using property retained by him in such away as to rendered property granted by him unfit for the purpose for which the grant was made should not apply to the sale of car) for the by then stained and artificial doctrine of the implied licence; the Privy council has considered that ascertaining the ratio of this case was not easy matter and felt that the exception should be limited to a right of repair; spare parts in the UK is now dealt with the must fit and must match principles of design right. It was argued that that the result of that case arose from an overriding public policy to prevent control in the after market for spares, on the facts the repair aspect of the supply of replacement photocopiers cartridges was peripheral to the degree that the repair analogy ceased to be plausible;Colston, supra, note 32, at 234.
\textsuperscript{45} (1978); cited in Colston, supra, note 32, at 223.
lead to an implied licence to deal with those copies, allowing the purchaser to import them in another country subject to specific rules relating to free movement of goods within the EEA. The defendant had purchased copies of cookery book in the US and after importing them was under-selling the copyright owner’s exclusive licensee in Australia. No restriction had been imposed on resale by the copyright owners or their distributors in the US. It was argued that, by analogy with a line of cases relating to patented goods, such a sale without restrictions implied a licence to deal with the books. The court refused to draw the analogy because of the different nature of the rights conferred by a patent and copyright and no licence was implied. According to Cornish\textsuperscript{46} “a court in the UK might be persuaded to the analogous because copyright does not encompass subsequent sale and use. Copyright owners would still be able to prevent parallel imports of copies of their works by imposing restrictions expressly”.

The sale of recreational computer software confers upon the purchaser an implied licence to load the program and use it. In the United States, in the American Geographical Union v. Texaco Inc,\textsuperscript{47} the extent of the implied licence given to a purchaser of a magazine was tested in a class action by eighty publishers. The publisher took an action against a well-known oil company which had subscriptions to many scientific and technical journals. Employees of the oil company like many others would make copies of certain articles for their personal reference later on. The Second Circuit Court of Appeal affirmed the first instance finding of infringement.

Also, in Bank v. C B S Songs limited & ors\textsuperscript{48}, it has been held by the English High Court that where the author of lyrics for a popular song

\textsuperscript{46} Cornish, supra, note 28, at 321.
\textsuperscript{47} 48. 37F3d881, 32USpQ2d 1545(2dCir), amended, 60 F3d 913,35USPQ2d1513 (2d Cir 1994); cited in note 1, supra, at 5-22.
\textsuperscript{48} 49.[1996]EMLR440; cited in note1, at 25-22
provides those lyrics to a person intending to sing them, an implied licence
to do that and to amend the lyrics for that purposes arises, but that the
implied licence does not go further.

3. General Considerations in Licensing

Where necessary, the exclusive licensee must join the owner of the
copyright as a party in an action for infringement. Otherwise, the court will
refuse to proceed with the action\(^{49}\). The exclusive licensee may, however,
get the leave of the court to proceed in the absence of the owner of the
copyright. Moreover, he is exempted from liability for the cost of the
action.

There are two forms of licence: licensing for royalty or lump sum. The
lump sum payment is sometimes known as the extent of the exploitation\(^{50}\).
The scope of the permission granted is disputed. A problem arose as to
whether a licence to moving pictures films includes a right to a sound film
of the work. Thus, in *Pathe Pictures, Ltd. v. Bonocroft*\(^{51}\), the court held that
a licence to produce a work "in moving pictures films" does not authorize
the production of a sound film of the work. A similar inquiry arose in the
Australian case of *Williamson (J.C) Ltd. v. M. G. M. Theatres, Ltd.*\(^{52}\). It
was held that a reservation of motion picture rights included sound films,
on the ground that at the date of agreement, the use of sound films
commercially was "threatened", so that the parties must have contracted
with this in view. In the case of *Boosery & Hawakes Music Publishers Ltd
v. Walt Diseny Co.*\(^{53}\), the Stravinsky's question arose as to whether contract
for use of music in the film Fantasia included video cassettes being

\(^{49}\) 38. James supra, note 21, at 168.
\(^{50}\) note 1.
\(^{51}\) (1938-35) Macg. Cop. Cast. 403; but in the same case the judge stated that cinematographic film would
include sound films, and cinematograph rights.
\(^{52}\) [1937] V.L.R. 140; (1937) 56 C.L.R. 567; cited in James,Id at169.
\(^{53}\) 145 F3d481 (2nd cir 1998); cited in Sterling, supra, note1, at487.
unknown at the time of the contract. The court held that a licence to use a work in films granted before the introduction of video games, may be held not to cover only those forms of exploitation known at the time of the granting of the authorization. Then there will be questions as to the interpretation of the terms used in the grant. In the US case Random House, Inc v. Rosetta books\textsuperscript{54}, licence to publish work in "book form" did not cover "e-books", containing text in electronic form, and various search, highlighting indexing, etc facilities.

A licence to broadcast is also disputed as to whether it includes a right to broadcast by television. According to James\textsuperscript{55} the owner of the copyright in the sound recording by licensing a sound broadcast of his record, impliedly licenses any public performance involved in the operation of a receiving set in public.

The licensee has no right to make alterations in the work. Thus, in Fribsy v. BBC\textsuperscript{56}, the court held that in the absence of a prohibition against publication in an altered form, the licensee had a right to make alterations, even if they be substantial ones, but the court would readily imply a term limiting the right to make alterations.

Under section 205 (c) of the USA Copyright Act, 1976 there is no mention of the registration of the licence, but constructive notice by virtue of such registration is applicable to both assignment and licence. According to Nimmer\textsuperscript{57}, the absence of a valid consideration renders a licence revocable compared to effective and irrevocable assignments. The royalty payment must be required beyond the term of the licence as long as licensee exploits the work. However, in April Production Inc. v. G. Shirmer Inc.\textsuperscript{58}, it

\textsuperscript{54} LLC283 f3d 490 (2\textsuperscript{nd} cir, 2002); cited in sterling, id.

\textsuperscript{55} Id, 171.

\textsuperscript{56} [1969] Ch. 932.

\textsuperscript{57} Nimmer \textsuperscript{\textregistered} Copyright, 520 (1966).

\textsuperscript{58} N.Y. 366, 126 NE 2d 283 (1956); cited Nimmer \textsuperscript{\textregistered} at 552.
was held that, in the absence of an express provision as to the duration of such obligation, the duty to pay royalties terminates upon the expiration of the copyright or the expiration of the licence. In the absence of determination of its duration, a licence will be valid for the whole term of the copyrighted work. Nevertheless, the requirement of a particular type of publication in a licence must be satisfied after termination of such licence.

In any licence there exists an implied covenant of good faith and fair dealing on the part of the grantor. Thus, in Manners v. Morosco, it was held that a grant of legitimate stage rights precluded the grantor from thereafter permitting in exercise of the motion picture rights in the same work on the theory that motion picture competition would injure the value of the licensed stage rights. But today this doctrine is quite restricted. In Klein v. Beach, it was held that no such negative covenant precluding competitive user should be implied where the competitive medium in question was known at the time of the grant, since under such circumstances the grantee must expect that reserved rights may in fact prove competitive.

The grantee is also obliged by implied covenant of good faith. Thus, in Schwartz v. Broadcast Music Inc., it was held that, where the grantor was to receive royalties measured by the grantee's exploitation of the work, certain additional covenants on the part of the grantee were implied. In such circumstances there is an implied covenant that the grantee will use reasonable efforts to make the work as productive as the circumstances warrant.

The licensee has a remedy against his licensor under the original agreement, as there may be a contractual provision in the agreement

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59. US 217 (1920); cited in Nimmer, Id, at 553.
60. Fed. 108(2d. Cir. 1917); cited in Nimmer, Id, at 553
requiring successes in title of the owner to be given a notice before the copyright is assigned. However, this measure can be really effective only until the chain of notification of the licence between the assignors and assignees is broken\textsuperscript{62}.

There are many alternatives available to the grantor in violation of the licence provisions. He may have an action for breach of contract, or to reclaim the right granted, or to sue for copyright infringement.

In case of abandonment of rights by the author courts will require specific evidence that an author has intended to abandon the rights in the discarded work, in particular where some commercial use or other exploitation is made of it by the acquirer. Thus, in the French case Bouvier v. cassigneur\textsuperscript{63}, it was held that where the infringement of the moral right of divulgation where the painted rejected by the artist were published. Placing works on the market, even if abandoned by the artist is diffusion within the meaning of the French Code\textsuperscript{64}. Also in Camion v. Carco\textsuperscript{65}, the court held that a painter who tore up a work was entitled by the adroit de divulgation to prevent another person from recovering the pieces of the work from the rubbish bin, putting the pieces together, and divulging them.

4. Compulsory Licence and licence of Right

In England, in certain exceptional circumstances, if the copyright owner unwilling to exploit his work, the law will compel him to license his rights to another and require licensee to pay fee. So, compulsory licences can result as a result of various provisions in the 1988 Act which empowers the Secretary of the State to grant licence concerning lending to the public of copies of literary, dramatic or artistic works, sound recording or films\textsuperscript{66},

\textsuperscript{62} Bainbridge, supra, note10, at91.
\textsuperscript{63} cases.Crim.december13, 1995(1996) 169RIDA; cited in Sterling, supra, note17, at496.
\textsuperscript{64} art.1.335-5; penal sanction for unauthorized diffusion
\textsuperscript{65} C.A., Paris, March6, 193[1990]; cited in Sterling, id.
\textsuperscript{66} S.66; Bainbridge, supra, note10, at95.
or through the general power of the European Commission\textsuperscript{67}.

There are reasons for the limited circumstances in which compulsory licence are available under British law. The first reason is because the international standards that the UK has committed itself to are generally incompatible with compulsory licence. The second reason for the availability of limited circumstances of compulsory licences is that they are generally seen as unsatisfactory when compared with full property rights\textsuperscript{68}. According to Bently\textsuperscript{69}, "critics of the compulsory licence also complain that the value of a licence can only even be accurately determined by negotiations in the market place. It is also argued that compulsory licences unfairly deprive the copyright holder of the most significant element of their rights, namely the right to bargain".

There are no common characteristics explaining the circumstances for the grant of compulsory licences. Sometimes they are granted in response to past practices of "abuse", usually where that abuse either prevented the production of a product for which there was a clear demand or where the evidence showed that the copyright holder had imposed unjustifiable restrictive conditions. On the other occasions, compulsory licences are granted where changes in the market conditions unduly strengthen the copyright owner's interest. This sort of consideration explains the introduction of compulsory licences where copyright had lapsed but has been revived by the Duration of Copyright and Rights in performances Regulations 1995\textsuperscript{70}.

The four compulsory licences provided by English Copyright,

\footnotesize{\textsuperscript{67} Bently, \textit{supra}, note4, at562.}
\footnotesize{\textsuperscript{68} this because in contrast to exclusive property rights, the existence and terms of compulsory licence requires some administrative procedure, which is costly and time consuming when compared to free market negotiations.}
\footnotesize{\textsuperscript{69} Bently, \textit{supra}, note at562.}
\footnotesize{\textsuperscript{70} (51 1995-3297) s.42 (1).}
Designs and Patents Act, 1988 are\textsuperscript{71}: the cable television licence which established a compulsory licence for secondary transmission by cable television systems\textsuperscript{72}. If the copyright owner has not asked to transfer this right to the appropriate licensing body, it will be deemed to be transferred, but such a person must claim his rights within three years from the date of the relevant cable –transmission\textsuperscript{73}. Secondly, the mechanical licence which establishes a compulsory licence for reproduction and distribution of phonorecords of non-dramatic musical works. Thirdly, the public broadcasting licence which establishes a compulsory licence for the use of certain copyrighted works by non-commercial broadcasting entities\textsuperscript{74}. Finally, the satellite retransmission licence which establishes a temporary compulsory licence for satellite retransmission to the public for private viewing\textsuperscript{75}.

Licensing of right is issued following a report by the Monopolies and Mergers Commission. The Act provides that "if the public interest is or has been or may be prejudiced because of conditions in licences, restricting the use of the work or the right of the copyright owner to grant licences on reasonable terms, a Minster may act on the commission's report and cancel or modify the conditions or provide that licences shall be available as of right. In the absence of the agreement, parties must refer to the Copyright Tribunal"\textsuperscript{76}.

In the needle –time licence, to induce broadcaster to employ their own

\textsuperscript{72} s.111; this right is exercised against a cable operator through a licensing body from another EEA member states in which the works is included.
\textsuperscript{73} s.115; A cable operators means a person providing a cable program service, and cable retransmission; cable retransmission means the reception and immediate retransmission by way of a cable program service of a broadcast; Bainbridge, \textit{supra}, note10,at96.
\textsuperscript{74} S.118.
\textsuperscript{75} s.119
\textsuperscript{76} s.144;the Minister may exercise his power under this section only if he satisfies that to do so will not contravene the convention to which the UK is a party, that is the Berne Convention and the Universal Copyright Convention.
musicians, the owner of copyright in sound recordings insists that broadcaster should limit the amount of time that they spend playing their recordings. This was done to include such broadcasters to employ their own musician. A Monopoly and Mergers Commission Report provided that "these restrictions were an anti competitive practice that adversely affected radio licensees and that it should be abandoned." Accordingly, the Broadcasting Act 1990 introduced provisions making a compulsory licence available against a licensing body which either imposes restrictions on the total or proportionate time on which such recordings are played or imposes in unacceptable terms as to payment. The licensee is confined to uses of sound recording.

The Copyright Tribunal may order the broadcaster to comply with any reasonable conditions imposed on them by licensing body. Thus, in Phonographic Performance v. AEL Rediffasion Music, it was held that the power to review the condition of the licence does not enable the Tribunal to require the licensing body to grant ancillary right, such as the right to make a further copy of recorded music, to keep copies indefinitely, or to provide other stations with copies of programmed complied by the licensees.

The scope and operation of the needle–time doctrine is discussed in the case of the Associations of the Independent Radio Companies (AIRC) v. Phonographic Performance (PPL). The Copyright Tribunal considered the effect of the removal of needle time restrictions on the terms of licences.

77. Bently, id.
79. English Copyright Designs and Patents Act, 1988; ss.135A to 135G.
80. The licensee does not encompass musical works or associated lyrics embodied in the recording, which must therefore be the subject of a separate agreement with the owner of these rights.
81. Licensing body is a society or other organization that has as its main object, the negotiation or granting of copyright licences, including the granting of such licences covering the works of more than one author.
82. [1998] RPC 335, 358; cited in Bently, supra, note 4, at 265.
82. [1994] RPC 143; cited in Bently, id at 264.
between PPL and the AIRC. PPL sought a substantial increase in the rates that had been determined when airplay was restricted to nine hours per day. PPL argued that such an increase was justified by the huge increase in the applicant's use of its records since the rates were last set by the Tribunal. In rejecting PPL’s argument for a substantial increase the Tribunal held that, whilst the amount of needle-time was a relevant consideration in assessing payment, on the facts, the abolition of needle–time had not only worked to the benefit of the broadcasters but also to the benefit of PPL.

Compulsory licences may be ordered by the European Commission if the copyright owner is found to have violated Article 82 EC which prohibits the abuse of a dominant position. The view was that a refusal to license a use of copyright, being an act pertaining to the existence of the right, could not amount to violation of Article 82. Thus, in *RTE and Independent Television Publications v. Commission*[^1][^2], the decision in this case arose from the practice whereby the Irish broadcasting organizations (RTE), who owned copyright in its television schedules refused to license newspaper to publish TV listing in a weekly format. The effect of this was that the only weekly guides available were those issued separately by the RTE and other broadcasting organization (BBC and ITV). As such, if a viewer wanted to plan their television viewing for the week ahead, they would have to purchase all three magazines. Magil who proposed to publish a comprehensive guide, claimed that the refusal to license contravened Article 82. The commission agreed and ordered defendant to license the listings. The Court of Justice, affirming the court of first instance's decision, held that the broadcasting organization held a dominant position in the

[^1]: known as the *Magil case*; [1995]4CMLR18; as its broadest Magil case suggested that where one person an intellectual property rightholder which not only confers the exclusive power to control a primary market, but also some related auxiliary market, and that right holder refuses to supply the secondary market or supplies it in some partial way, the commission may order compulsory use of intellectual property rights, for example a compulsory licence was granted where a novelist refused to permit the making of a transaction, or a playwright the staging of playing. At its narrowest, Magil case could be confined to its own particular facts.
market for weekly television magazines. It also agreed that the refusal to license was an abuse because there was exclusive potential demand on part of consumers for comprehensive weekly listings, which was being unmet because the appellant would only offer their own partial weekly guides. There was no justification for this behaviour related either to broadcaster or to the publishing television magazines. The consequence of the refusal to licence was that the broadcasters reversed to themselves the secondary market for weekly television guides by excluding all competition on that market.

Consequently, the European Court of Justice, the Court of First Instance and the High Court approved the narrowness of the scope of the application of Magil case.\(^{84}\) Thus, in *Oscar Branner v. Mediaprint*\(^{85}\), the court held that refusal by one newspaper to allow a competitor to utilize its home delivery service was not an abuse of dominant position. The ECJ reiterated that all four factors mentioned in Magil case must be present. There must be a refusal to supply material which is indispensable to another's business; that refusal must prevent the appearance of new product for which there is potential consumer demand; the refusal must not be justified by objective considerations; and the refusal must be likely to exclude all competition in the secondary market. The mere exercise of power from a primary market into a secondary market is clearly not sufficient\(^{86}\).

The most important factor in Magil case is that the material must be

\(^{84}\) that it could be confined to its own particular fact; Bently, *Supra*, note 4, at 266.
\(^{85}\) C-7197[1998] ECR1-779; the fact of this case does not concern intellectual property.
\(^{86}\) The application of the Magil principle to other cases was rarely for many reasons. First, the community law endorses the right to choose one's trading partners and freely disposes of one's property, and incursion of those rights requires careful justification. Secondly he noted that justification for Article 82 is to prevent distortion of competition so as to safeguard the interest of consumers, not to protect the position of the competitor as such. Thirdly, intellectual property rights are themselves limited so as to balance the interests of free competition with the need to provide incentive for research and development, and creativity. Because the process of balancing occurs at the stage of delineating the right, refused to license should not in the absence of other factors constitute an abuse.
indispensable to the applicant's business. Accordingly, in Tierce Labroke v. Commission\(^{87}\), a complaint by the proprietor of a chain of betting shops in Belgium to the effect that a refusal by the owner of right in certain television picture of French horse races to allow retransmission in the applicant's betting shop amounted to a breach of Article 82 EC\(^{88}\). The Court of First Instance held that there was no such abuse. It said that the relevant market in which the defendant had dominance was the retransmission of broadcasts of horse races, and that the complainants market was an exercise of power from a primary market into a secondary market, the case differed from Magil's case in that the secondary market already operated and the refusal to license in no sense prevented the defendant from operating in it. Indeed, it already had the target share of that market. The provision of the picture was not essential for the applicant's activity nor was the applicant proposing to introduce a new product for which their specific constant and regular potential demand on the part of the consumers.\(^{89}\)

Two provisions of the Berne Convention permit explicitly the national legislature to grant such licence\(^{90}\). So, Under the Berne Convention for the Protection of Literary and Artistic Works, 1886, Countries of the Union have a right to impose reservations and conditions on the right of the author of musical works to record their works so as to permit compulsory licence to record such music\(^{90}\). However, the same provision makes clear that compulsory licences may also extend to words accompanying the music. But such reservations and conditions are not to be prejudicial to the rights of the authors of the music and words to obtain equitable remuneration.

National laws or courts can provide for steps to be taken preventing abuse in the exercise or non-exercise of rights. The French code provides

\(^{87}\) Case-T504/93[1997] ECR11-923; appeal pending casec-300/97; cited in Bently, id, at 266.
\(^{88}\) Then Article 86 of the Treaty.
\(^{89}\) Art.11bis (2) provides for juke box licence; art.13 provides for mechanical licence.
\(^{90}\) Art. 13.
that in the event of manifest abuse in the exercise or non exercise of the
rights of disclosure by the deceased author's representatives, the court can
make an appropriate order.\textsuperscript{91} Some laws have rules preventing copyright
owner from profiting from illegality.\textsuperscript{92} Thus, in the English case Attorney-
General v. Blake,\textsuperscript{93} a successful action was taken against a person convicted
of spying, to prevent the defendant from profiting from the publication of
his autobiography which describe his espionage.

Right owners and those seeking licence to use protected material
may face disputes as to terms and conditions. Adjudication is provided for
by mediation or arbitration procedures, or by decisions of the tribunals set
up under national laws to adjudicate in this area. An example of mediations
is in the EC Satellite Broadcasting and Cable Retransmission Directive
which provides that "where no agreement is concluded regarding
authorization of the cable retransmission of a broadcast, Members States
shall ensure that either party may call upon the assistance of one or more
mediators.\textsuperscript{94}" The task of mediators is to provide assistance of one or more
mediators with negotiation, and there are provisions concerning assumption
of acceptance of proposals if no opposition is expressed within three
months. Recently, tribunals have been established to settle disputes between
right owners and applicants for licences. According to Sterling,\textsuperscript{95} "the
importance of such Tribunals is likely to increase as the necessities grow
for collective licensing of new technological uses of protected material".
The United Kingdom has established a Copyright Tribunal\textsuperscript{96} for applicants

\textsuperscript{91} art.L.121-3; such case may arise where a famous artist's heirs refuse, without good reason, to allow
the publication of previously unpublished works of the deceased artist.

\textsuperscript{92} Profiting from royalties on books, etc which describe criminal acts which the author has prepared.

\textsuperscript{93} 1997TLR 687C.A; cited in Sterling, supra, note17, at497.

\textsuperscript{94} art.11 (1).

\textsuperscript{95} Sterling, id, at498.

\textsuperscript{96} The Tribunal is the old Performing Rights Tribunal which was established under the Copyright
Act1956 and renamed by the Copyright, Designs, Patents Act, 1988 having extended jurisdiction and
power compared with the Performing Rights Tribunal the tribunal may make orders to confirms or
for licences wishing to contest proposed tariffs or royalties system and to administer compulsory licence. Also, the Tribunal determines disputes between licensing bodies and users. Under Canadian system collecting societies must submit annually their proposed tariffs of royalties to the Copyright Tribunal established under the Act. In News Group Newspapers v. ITV\textsuperscript{97}, a number of publishers sought to clarify the amount that had to be paid where they used information about BBC and ITV Schedules. The Copyright Tribunal said that its task was "to promote the dissemination of information, rather than to protect the financial interests of the broadcasters as copyright owners"\textsuperscript{98}. Consequently, the Tribunal held that the fee should reflect the cost to the broadcasters and the extent of the use by the publishers. This was calculated by reference to circulation and to the number of days for which the information was published, with a minimum set to ensure that the marginal cost of supply were met.

Trips Agreement provides for the application of a dispute settlement procedure. Disputes between WTO Members as to the application of the Trips Agreement can be brought into the dispute settlement procedure, giving teeth to the enforcement of the agreement, and the observance of its obligation\textsuperscript{99}.

The copyright owner will be able to license the use of the work by the customer directly\textsuperscript{100}. In other cases, owner user relations are mediated by an agency or collective management systems\textsuperscript{101}. The aim of collective

\textsuperscript{97} [1993] RPC173; cited in Bently, supra, note4, at263.
\textsuperscript{98} See the English Broadcasting Act, 1990, section 176.
\textsuperscript{99} art.64.
\textsuperscript{100} For example where the sale of the software on a floppy disc includes a license to make the material copies necessary to run the program; Bently, supra, note4, at253.
\textsuperscript{101} licensing scheme is defined as scheme setting out the classes of cases in which the operator of the scheme, or the person on whose behalf he acts, is willing to grant copyright licences, and the terms on which licences would be granted in those classes of case. That is ,it is the scheme concerning the licence fees to be charged in respect of specific type of works; for example a tariff of licence
societies is to represent the general interest of the authors in making negotiations and representation to governments and other bodies to help the copyright owner to defend his rights in a court of law. According to Sterling, "the development of new technological means of disseminating works will probably lead to the increased activity of these societies and the formation of new entities to deal with new aspects to these developments". In Sudan, although there are good infrastructures for collective societies, no practical steps have been taken to form them. So, individual copyright owners may face the problems of enforcement of their rights and expenses. The best solution is the adoption of licensing through collective societies of copyright authors. This is effective against individual infringer unaware of copyright and unlikely, therefore to seek licence from many individuals' copyright owners.

Licensing of protected material for transmission over the internet encounters difficulties. Accordingly, right owners are obliged to register their rights with respective collective societies. According to Bently, "collective administration" is the system where certain rights are administered for the benefit of authors and for copyright owners. The organizations that administer the rights are empowered to authorize various specified uses of their members’ works normally by way of a licence. The essential characteristic of these arrangements is that they are able to

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102. Bently, supra, note 4, at 267; Colston, supra, note 32, at 426.
103. id, at 501.
104. There are many unions for authors and composer of music.
105. All we find are just suggestions and recommendation on papers.
106. Bently, supra, note 4, at 267.
negotiate and act without the individual consultation. In most cases the copyright owner assigns their rights to the society. Where this occurs the rights are pooled so as to create a repertoire of works at the disposal of potential users”. Licensing arrangements, made by collective societies with users, usually cover more than just a licence fees. The terms of licence differ but it is common for collecting societies to grant a blanket licence entitling users to use any work in the repertoire of the licensing body without restrictions. According to sterling "any negative aspect of collective societies licensing can be met by national rules on Tribunal Adjudication of Tariffs; and there is too the ultimate sanction, as it were, of application of the competition rules".

5. Conclusion:

This chapter considered the licensing of copyright and related rights, namely: contractual licence, compulsory licence and licence of right under the Sudanese law and international agreements. The Sudanese Copyright and Neighbouring Rights Protection Act 1996 does not provide for compulsory licence of copyright. Licence of copyright may take many forms. It may be exclusive or non-exclusive, express or implied. The chapter discussed also what is called "click wrap licence", Shrinkwrap licence" and the ""needle time doctrine".
Chapter 9

Licensing of Rights Protected by Industrial Property Laws

This chapter deals with licensing of rights protected by patents and trade marks which are at the heart of this study. It will discuss the different types of licences, legal requirements and formalities. The discussion will include the situation in the Sudanese and English Patents law as well as international protection.

1. Licensing of Patents Rights

The licensing of patent rights is an agreement of exploitation of patent usefulness in consideration for the best financial returns. Licensing is another alternative between retaining the patents rights and selling the patent to someone else. According to Foster¹ "licensing affords the opportunity to divide between two or more people or companies the rights, obligations and risks associated with a patent and with being in business. The division of those rights, obligations, and risks can vary over a broad range. The purpose of the licence is to define the rights, obligations and risks of two or more parties and to provide solutions to disputes, if they should arise". Under the Sudanese Patents Act, 1971, as well as the English Patents Act, 1977 and USA Patents Act, 1952, there are three types of licences; namely; contractual licences, compulsory licences, and licences of right.

There is a distinction between a patent licence and a patent licence contract. A patent licence is a unilateral grant of rights by the patentee or licensor. However, nearly all such licences are a part of a broaden transaction wherein

¹ Foster, et al., Patents, Copyright and Trade Marks, 133(2, ed 1993).
the recipient of the licence, that is licensee agrees to certain terms and conditions. Such a transaction is a contract, although it is commonly referred to merely as a "patent licence" or as "patent licence agreement"².

(i) **Contractual Licence**

(a) **Basic Obligations**

In this type of licence, the ordinary rules of contract apply. Thus, the Patents Act, 1971 provides that the applicant for, or the owner of, patent may by contract grant to another person a licence to exploit his invention³. The section further provides that the licence contract must be in writing and signed by the parties⁴.

Trips Agreement provides control of anti-competitive practice in contractual licences⁵. Recognizing that some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology⁶, it provides that Members may specify in their national laws licensing practices or conditions which may in particular cases constitute an abuse of intellectual property rights with an adverse effect on the competition in the relevant market, and that they may adopt appropriate measures to

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³. s.18 (1).
⁴. s.28(2). Cornish *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 185 (1996);

In England, in compliance with the doctrine of freedom of contract, the parties to patent licenses are allowed to determine their obligations by mutual agreement. The enforcement of the contract depends on the intention of the parties and any additional clarifying terms. In licensing his patent application, the licensor must offer the invention described in his patent application and any additional information. The value of the licensor's offer differs from one case to another. If the invention has not been put into practice, the licensee will be in doubt concerning the commercial value of the idea. If the licensee and the licensor are both manufacturing organizations, the licence is designed to assign rights in one direction due to the licensor's acquisition of the technical knowledge or that each may have technology to exchange. This results in joint research program or a mutual agreement.

⁵. s. 8.
⁶. art.40 (1).
control or prevent such practices⁷. Members agree to enter into consultations with each other, upon request, to secure compliance with laws in this regard⁸, or where their nationals are subject to such proceedings in the territory of the Members⁹.

b) Forms of Licence

Contractual licences take two forms, namely exclusive licence contracts, and non-exclusive licence contracts which are referred to in the Patents Act, 1971 simply as licence contracts¹⁰. Unless the contract expressly provides that the license is an exclusive licence, the licence is regarded as non-exclusive. The Act provides that in the absence of any provisions to the contrary in the licence contract, the grant of the licence shall not prevent the licensor from granting further licences to third persons, nor from exploiting the invention himself¹¹. The Act further provides that the grant of an exclusive licence shall prevent the licensor from granting licences to third persons and, in the absence of any provision to the contrary in the licence contract, from exploiting the invention himself¹². In the old English case Chanter v. Lee¹³, the court held that

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⁷ art.40 (2).
⁸ art.40(3).
⁹ art.40(4).
¹⁰ In other systems of laws there are three classes of patent licence namely : exclusive, non-exclusive and sole license which confers on the licensee the right to exercise the patented invention as against all persons except the licensor ; see Henderson, "Patent Licensing" Problem From the Imprecision of the English Language⁴, 4 : 62 Ottawa L.R. 63 (1970).
¹¹ s.29 (1).
¹² s.29 (2).
¹³ (1839)5M&W698; the licence must be exclusive to give the licensee the right to exclude others, including patentee, and the pleading in an infringement action must disclose that. In Peuk v. Diamond Shamrock Industrial Chemicals Ltd, [1981]FSR (English High Court); the second plaintiff, a the second plaintiff, a a subsidiary Peuk, manufactured and sold in the UK goods made in accordance with Peuk patent under an informal licence, which it alleged was a de facto exclusive licence. The defendant argued that the relevant part of the pleadings should be struck out as the second plaintiff, being a sole licensee rather than an exclusive licensee, was not entitled to sue under the patent statute. The court held that, although the second plaintiff had not established that it had the right to use the patent to the exclusion of all others, including its proprietor, and was therefore only a sole licensee, the relevant part of the pleadings would not be struck out, so as to enable it to be amended if possible. Since, as a general rule in most jurisdictions a sole or non-exclusive
the grant of an exclusive licence to sell implied that the patent was valid and that on proof of its invalidity there was a failure of consideration.

Exclusive and non-exclusive licence contracts differ in one main respect, that is in non-exclusive licences, the licensor has the right to grant further licences to third parties or to exploit the invention himself. All licensees may make and sell the invention and will be required to pay royalty to the patent owner; but in an exclusive licence, he has an obligation not to give the licence to third parties nor to exploit the invention himself. Accordingly, the Sudanese Patents Act, 1971 provides that in the absence of any provision to the contrary in the licence contract, the licensee shall be entitled to exploit the invention during the whole duration of the patent, in the entire territory of the country, through any application of the invention, and in respect of all acts referred to in section 21. The Act further provides that in the absence of any provision to the contrary the licence contract shall not be assignable to third parties and the licensee shall not be entitled to grant sublicense. The Minister may, having regard to the need of the country and its economical development, by order, provide that on pain of invalidity, licence contracts or certain categories of such contracts, which involve the remittance of money abroad shall require the prior approval of the Minister of Justice.

The Act provides that clauses in license contracts or relating to such contracts shall be null and void in so far as they impose upon the licensee, in the industrial or commercial field, restrictions not derived from the rights

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licensee cannot sue infringers, such a licensee cannot have damages from them.

14. s. 29.
15. s. 30.
16. s. 31.
17. s. 32.
conferred by the patent. The following in particular shall be deemed not to constitute such restrictions: First, limitations concerning the degree, extent, quality, territory or duration of exploitation of the subject of the patent. Second, limitations justified by the interest of the licensor in the technically flow-less exploitation of the subject of the patent. Thirdly, the obligation imposed upon the licensee to abstain from all acts capable of impeding or preventing the grant of the patent or prejudicing its validity.

c) Registration of Licence

The Patents Act, 1971 provides that every licence contract must be registered in the Patents Office on payment of a fee as prescribed in the Regulations. An unregistered licence contract is ineffective against third parties. The Patents Regulations further require the publication of a registered licence contract upon payment of fees. Registration is important to inform the Government about the grant of all licences and the economic value of the patent. The Model Law for Developing Countries on Inventions enumerates the consequences of registration's effectiveness to third parties as being: Firstly, the licence remains valid even after the licensor has transferred his rights in the patent to another person. Secondly, the registered owner of the patent cannot validly surrender the patent without the consent of the licensee. Finally, the licensee may, in certain cases, institute legal action in his own name against infringers of the patent. But so far as the relationship between the licensor and the licensee is concerned, registration is not necessary for the licence to be effective.

Since registration is required only for documents, parol licence need not

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18 s.28(3).
be registered. In Fletcher's Paten\textsuperscript{20}, a written agreement to grant a licence which left the amount of royalty to be agreed later, and so was incomplete and unenforceable unless supplemented by parol evidence of a further agreement, was treated as a parol licence and expunged from the register.

(ii) **Compulsory Licence**

The second type of license is the compulsory licence. This is recognized as a non-voluntary licence, because it is granted against the will of the owner. It is a licence compulsorily imposed on the patentee. In such a case people other than the patent owner can exploit the invention in situation where the patentee is either unable or unwilling to do so\textsuperscript{21}. The first argument against non-voluntary licence is that they are less effective than voluntary licence in encouraging the transfer of technology, and may, indeed even be counter-productive to that goal. In case of compulsory licence there is no cooperation between the transferor and transfeeree, which leads to disclosure of non-patented "know-how" necessary to make a commercially viable product. Additionally, "it may not be economically feasible to require a patent owner to manufacture products in accordance with his patent in every country. Such a requirement does not allow cognizance to be taken of regional or international integration of market or of comparative advantages of countries or regions"\textsuperscript{22}.

Two points are to be considered in response to this criticism: first, since in countries with such provisions they are seldom applied for and even less likely
to be granted, they are of little practical importance. Secondly, such provisions
deserve as a legal possibility which may encourage a patent owner to more
readily enter into a voluntary licence agreement.

Patents may be granted on the basis that, first they may ultimately ensure the
benefit of the public. Second, the patentee intends to offer the invention on the
market as soon as practicable and on terms that will make it available to any
one seriously interested. Thirdly, the result should yield a return to the
inventor\textsuperscript{23}. Courts were not concerned to give an undue preference to the
manufacturer of the invention in UK; but they attempted to strike fair balance.
Thus, in Brewer's and Inrettonger's Patent Exparte Braulik\textsuperscript{24}, it was held that
the mere fact that the market is being supplied by imports is not necessarily a
ground for making an order against the patentee who had acquired bone fide
the relevant patents from a German inventor, but had difficulty in getting
production going at an acceptable quality standard in England largely from the
lack of experience in this relevant field whilst another German company with
much experience and a well respected name was able to supply the bulk of the
demand in this country by import from Germany.

\textsuperscript{23} De valle, etal,Forms and Agreements on Intellectual Property and International Licensing,1-67 (3rd,ed 1998)

\textsuperscript{24} 5(1909)26RPC 499; also, in Robin Electric Lamp case,2ch 217 it was established that the major
manufacturing company supplying electric lamps had formed a ring among themselves and controlled
the manufacture of the tungsten wire necessary for electronic lamps. The Robin Company held a patent
for lamp having two separate filaments enabling the second one to be used when the first failed, but
they could not obtain from the ring a supply of the necessary tungsten wire at a price which would enable
them to compete. Unfortunately, for the Robin Company, they could establish that electronic
lamps were not being adequately supplied to the public, and they could not persuade the Court that the
refusal to supply tungsten wire on terms which would enable them to market their invention amounted
to unfair prejudice against an existing trade or against the establishment of a new trade. In Brownie
Wireless co v. Mar conic Wireless Telegraph co. (1929) 46 RPC 457 the court held that it was not
unreasonable for the patentee to impose a condition on a proposed licence that royalty should be
payable upon non-patented article and that such a requirement was not a restraint in trade.
(a) **General Considerations in Compulsory Licences**

In the Sudan, the compulsory licence is granted by a province court which is now Public Court and not by the owner of the patent. The English Patents Act, 1977 provides for this license under section 48 (3) (a). Many countries do not grant compulsory licenses, for example, in medicine. The USA Patents Act, 1952 does not provide for compulsory licences.

Under the Sudanese Patents Act, 1971 and also under the English Patents Act, 1977 (as amended) three situations relating to compulsory licence may be distinguished. The first relates to non-working of the patent. Article 5(a) of the Paris Convention for the Protection of Industrial Property provides for compulsory licences on the ground of non-working or insufficient working\(^\text{25}\). The non-working of the patent is the most common situation in which a compulsory licence may be granted in any of the following grounds\(^\text{26}\): that the patented invention has not been worked in the country; that the working of the patented invention within the country does not meet on reasonable terms the demand for the product; that the importation of the patented articles prevents or hinders the working of the patented invention within the country; and lastly, that the establishment or development of industrial or commercial activities in the country is unfairly and substantially prejudiced by the refusal of owner of the patent to grant licence on reasonable terms.

A compulsory licence granted on the ground of non-working confers on the licensee the right to do all patented rights except importation\(^\text{27}\). In other

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25. Prevent abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work.
26. s. 34(1)(a) - (d).
27. S. 34(4).
words; a licence granted on the ground of non-working must in fact be worked in the country. It is not for mere distribution. The assumption here is that manufacturing capacity exists. According to the Model law for Developing Countries on Inventions, importation is prevented because it defeats the purpose of the compulsory licence, which is working in the country.\textsuperscript{28} According to Sudanese Patents Act, 1971 the working of the patented invention means the manufacture of a patented article, the application of a patented process or the use in manufacture of a patented machine by an effective and genuine establishment existing within the country and on a scale which is adequate and reasonable in the circumstances.\textsuperscript{29} The owner may have a legitimate reason for non-working and he has a right to be heard. It is expressly provided, however, that importation is not a legitimate reason for non-working. It is suggested that non-working must be sanctioned not only by compulsory licence, but also by lapse of patent or its revocation.\textsuperscript{30}

Non-working coupled with the demands of the defence, national economy and public health provide a second situation for the grant of a compulsory licence.\textsuperscript{31} Thus, a compulsory licence is also available for products and processes declared by the Attorney-General to be of vital importance for defence, national economy or public health. An example is medicine and armoury. Furthermore, one or other of the grounds of non-working of a patent already referred to must be satisfied. The compulsory licence granted under this heading confers on the licensee all patented rights including importation. Sometimes, states expropriate a patent for invention.

\begin{itemize}
\item \textsuperscript{28} WIPO, supra, note 19, at 60.
\item \textsuperscript{29} s. 34(3).
\item \textsuperscript{30} id., at, 58.
\item \textsuperscript{31} s. 35.
\end{itemize}
This distinguishes it from the one-based solely on non-working\textsuperscript{32}. Another difference between a compulsory licence based solely on non-working and the one based on the non-working plus, a declaration from Attorney general, is the time of making an application for compulsory licence\textsuperscript{33}. The Sudanese Patents Act, 1971 provides that the Minister may, by order, declare that for such patented product and processes, or for such categories of such products and process, as are declared by that order to be of vital importance for the defence or the economy of the country or for public health, compulsory licence may be granted on the grounds specified in section 34 even before the expiration of the period mentioned in sub-section 1 of that section and even for importation into the country\textsuperscript{34}. According to WIPO\textsuperscript{35} expropriation of a patent means that the ownership of the patent for invention is transferred from the owner of the patent for invention to the state against the will of the owner.

The last situation where a compulsory licence may be granted is on the grounds of interdependence of patents\textsuperscript{36}. This applies where the patented invention within the country cannot be worked without infringing an earlier patent and it is impossible for the owner of the later patent to conclude a license contract on reasonable terms. In this case the compulsory licence may be given to the registered owner of the later patent. The court must be satisfied that the later invention must either serve industrial purposes different from those of the earlier invention, or it must constitute a noteworthy technical progress in relation to it and that the working of the later invention depends on

\textsuperscript{32} Tier, Patents and Public Health with Particular Reference to the Sudan, S.L.J.R 2002, 246.
\textsuperscript{33} id.
\textsuperscript{34} s.35.
\textsuperscript{35} WIPO, Back Ground Reading Material on Intellectual Property, 109(1933); White, supra, note 6, at 373.
\textsuperscript{36} s. 36; WIPO id.
the working of the earlier invention. The rights of the licensee in this instance are limited to the extent necessary to work the invention. The Sudanese Patents Act 1971 provides that if an invention protected by a patent within the country cannot be worked without infringing rights deriving from a patent granted on a prior application or benefiting from an earlier priority, a compulsory licence may, upon application, be granted under the conditions specified in section 44 to the registered owner of the later patent, to the extent necessary for the working of his invention, in so far as such invention serves industrial purposes different from those of the invention forming the subject matter of the earlier patent, or constitutes noteworthy technical progress in relation to it. The Act further provides that if the two inventions serve the same industrial purpose, a compulsory licence shall be granted in respect of the latter one to the registered owner of the earlier patent, if he so requests. The onus is on the applicant for a compulsory licence to establish a prima-facie case that the ground relied upon applies.

The English Patents Act, 1977 differentiates between general situations where compulsory licences can be granted. These are: the various grounds set out in section 48 which in turn distinguishes between patents with WTO owners and patents with non-WTO owners; and for crown use. Concerning section 48 different approaches are taken depending on whether a WTO proprietor owns the patent.

37. This often occurs in the pharmaceutical and chemical fields. Here a new invention may depend on a prior invention. But if the two inventions serve the same industrial purpose, a compulsory licence must be granted only if a licence is granted in respect of the later one to the registered owner of the earlier patent, if he so requests. The scope of the licensee's right is limited to the extent necessary to work the invention.
38. s.36 (1).
39. s.36 (2).
Compulsory licence is not available until three years from the grant of the patent\textsuperscript{41}. This time limitation is reasonable for the patentee to exploit the invention or to arrange for others to do so\textsuperscript{42}. In case of WTO proprietors of a patent applicant for compulsory licence certain conditions must be fulfilled: he must make effort to obtain a licence from the proprietors on reasonable, commercial terms and conditions, and he must establish that their efforts have not been successful within a reasonable period. Secondly, compulsory licences are not available if the patented invention is in the field of semi-conductor technology\textsuperscript{43}.

The only additional limit concerning non-WTO owned patents arises where an application is made on the ground that the patented invention is not being commercially worked in the UK or is not being so worked to the fullest extent that is reasonably practicable. In these cases, if for any reason there has been insufficient time since the publication of the patent to enable the invention to be so worked, the application may be adjourned by the comptroller for a period for the invention to be so worked\textsuperscript{44}.

There are certain conditions for a compulsory licence to be granted under Article 31 (1) or (2) of the Trips Agreement: the applicants must show that they have applied unsuccessfully to the holder of the patent and plant variety to obtain a licence. They must also show that the plant variety that they wish to use constitutes significant technical progress of considerable economic interest compared with invention claimed in the patent or the protected plant.

\textsuperscript{41} S.48 (1).
\textsuperscript{42} Three years may be too little so the comptroller may refus application for compulsory licences if it is considered that the patentee ought to be given more time to attempt to exploit the invention himself.
\textsuperscript{43} S.48 A (3).
\textsuperscript{44} Bently, \textit{supra}, note 67, at 524.
The English Patents Act, 1977 provides for lists of the purposes and factors that the comptroller ought to take into account upon grant of compulsory licence to WTO proprietors. The purposes are: it is in the public interest to work an invention in the UK; an invention should be worked without undue delay to the fullest extent that is reasonably practicably; the patentee should receive reasonable remuneration having regard to the nature of the invention; and the interest of the person who has worked the invention ought not to be unfairly prejudiced.

The grounds on which a compulsory licence will be granted in relation to a patent owned by a WTO Member comprise: first, where demand in the UK for a patented product is not being met on reasonable terms. Secondly, where the owner's failure to license a patent on reasonable terms has a blocking effect on later improvements. Thirdly, where the owner's failure to license a patent on reasonable terms unfairly prejudices the establishment or development of commercial or industrial activities in the UK. Finally, where it can be shown that as a consequence of these limitations, the manufacture, use, or disposal of materials not protected by the patent, or the establishment or development of industrial activities in the United Kingdom, is unfairly prejudiced.

The grounds for grant of compulsory licence to non-WTO owners are set out in the 1977 Act: First, where the patented invention is not being commercially worked in the UK, or is not being worked to the fullest extent

\[45\] Art.12 (3) (a) (b).
\[46\] s.48 (A) (1) (a).
\[47\] s.48(A) (1) (b); it is possible in such cases to claim that licences should be made available by the European Commission to prevent abuse of a dominant position contrary to art.82 EC.
\[48\] s.48 (1) (b) (ii).
\[49\] Conditions imposed on the grant of licences under the patent, or on the disposal or use of the patented.
that is reasonably practicable. A compulsory licence will not be granted under this heading if the patented invention is being commercially worked in a country that is a member state of the WTO, and demand in the UK is being met by importation from that country. Second, where a demand of patented product in the UK is not being met on reasonable terms, or is being met to a substantial extent by importation from a country which is not a member of the WTO. Thirdly, where the patented invention is prevented or hindered from being commercially worked in the UK by the importation from a country which is not a member state of a patented product. Fourthly, where the owner's failure to license a patent on reasonable terms means a market for the export of any patented product made in the UK is not being supplied, or the working or efficient working in the UK is of any other patented invention which makes a substantial contribution to the art is prevented or hindered or it unfairly prejudice the establishment or development of commercial or industrial activities in the UK.

The fact that one of the grounds for a compulsory licence is presented is not sufficient per se, for the grant of the licence. In the case of Thema-Tru Corp's Patent, the Patent's Court held that there was no reason why a compulsory licence could not include a right to sub-license but this would be exceptional. The application was refused because both the applicant and its proposed sub-licensee were financially stretched and there was a substantial risk that the sub-licensee would not be able to work the invention. Also, in Research

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50. s.48(b)(3)
51. s.48 (B) (C).
52. s.48 B (D) (I).
53. s.48B (1) (d) (iii).
Corporation's (carbolated) Patent\textsuperscript{55}, it was held that if the patent is being worked in the UK, it would normally run counter to policy to grant a licence of right or compulsory licence which permitted importation. Moreover, if the price of the product was reasonable and demand at that price was being fully met, it was irrelevant to say that demand would be greater if the price was lower. The question is whether, in all the circumstances, the price being charged was reasonable.

The applications for compulsory licences are very rare. The applicant must establish a prima facie case that the ground relied upon applies. Mere suspicion will not suffice and an order for discovery will not be granted unless a prima facie case is raised by the applicant. In Rich co plastic co’s patents\textsuperscript{56}, the only evidence that the applicant had, was that the patentee had an associated company in the United Kingdom and an investigation at the UK Companies Registry which showed an entry for the company which did not refer to manufacturing costs but only to the costs of purchasing and importing. The application was dismissed as being an abuse of process, for the reason that the applicant did not bring an evidence for non-working the invention.

Trips Agreement contains provisions for what is traditionally referred to as compulsory licence.\textsuperscript{57} It provides for certain criteria, which should be taken into consideration when the authority intends to grant a compulsory licence. First, such authorization and power shall be considered individually. This means that the application of compulsory licence must be considered on a case-by-case basis. The authority must ensure that the licensee application has

\textsuperscript{55} [1990] RPC 663.
\textsuperscript{56} [1989] RPC 722; Also In Geigy SA’S Patent’s, [1964] RPC 391 three elements were said to be taken into account in calculating the promotional costs and an appropriate uplift. The first two are the compensation element and the third is the reward element.
\textsuperscript{57} Art.31.
made an effort to obtain permission from the licensor, and that such effort came to nothing and have not been successful within a reasonable period of time. This requirement may be waived by a member in the case of a national emergency or other circumstance of extreme urgency, or in case of public non-commercial use. It further provides for the interdependence of patents, when there are two inventions, and the second claimed invention contains important technical advances, which will be considered as of economical value in relation to first patent. In such a case the owner of the first patent shall be entitled to a cross licence. It further states that any decision in relation to authorization and remuneration shall be subject to a review by distinct high authorization. Added to this the member may waive his right in case of national emergency and public non-commercial use. Finally, it determines the unassignability of the compulsory licence, except with that part of enterprise or goodwill, which enjoys such use. The compulsory licence is also granted in favour of the government on emergency basis. The government will exploit the invention itself or may call for other individuals or organization to do the same, whenever emergency procedure have to be taken for national defence, national economy and public interest. This status originates in the event of national emergency for instance, the need to import or work medical equipment where there is a sudden disaster or epidemic; and the owner of the patent is not willing to grant a licence to import the apparatus. Then the government by itself or through others may order to import the apparatus or equipment. It has been witnessed that as soon as this emergency status has been passed the patentee may recover his position and gets the control over his exclusive right.

The Article sets specific conditions for the grant of compulsory licence, but does not list or define the cases where a licence may be granted except for semi-conductor technology. Negotiators weighed both options and preferred to leave open the cases where the compulsory licence may be allowed. Instead they established strict safeguards.

The basic principle is that licences must be granted only on a case-by-case basis. Compulsory licences under which certain categories of invention automatically become eligible for a licence would seem to violate this provision.

Compulsory licence may be granted provided that the following conditions are met: Except where a compulsory licence is granted to remedy an anti-competitive practice, the proposed user must have made prior negotiation with the right holder to obtain authorization for a reasonable period of time. Reasonableness here is not defined, but depends on the nature of technology and not only on the practice in the WTO member concerned, but at least in the light of practices on relevant neighbouring countries and preferable in a worldwide scale where the technology concerned is used on such scale. The right holder must be notified as soon as reasonably practicable. The need for prior negotiation does not apply in case of public non-commercial use, but the right holder must be informed if the user knows or has reasonable grounds to know that the technology is patented. The article specifically excludes any duty to conduct a patent search.

59. Defined here as use of government or by third parties authorized by governments; Gravais, id, at 165.
60. Art.31 Para a Trips Agreement.
61. This is the case where the technology filed in question is not developed on a normal contractual basis in the WTO Members where the grant of compulsory licence is contemplated. An exception to this requirement applies in cases of national emergency and similar situations.
62. Government or contractor.
Concerning duration, a compulsory licence should be liable to be revoked as soon as the purposes for which it was granted no longer justify the licence\textsuperscript{63} and are not likely to recur. However, the legitimate interest\textsuperscript{64} of the person to whom a compulsory license was granted may be protected right to dispose of excess\textsuperscript{65}. The competent authority, either the authority that granted the licence, or judicial authority, must have, under domestic law, the authority to review the existence of the circumstances that led to the grant of the licence.

Concerning the scope of compulsory licence, it must be proportional in that it is limited to the purposes for which it is granted. This may result in licence being limited\textsuperscript{66}. However, concerning semi-conductor technology compulsory licences may only be granted for public non-commercial use or to remedy an anti-competitive practice after due process.

Concerning general licensing terms, all compulsory licences must be non-exclusive and non assignable, in the later case except with the part of the enterprise or goodwill in respect of which the licences was granted, the provision does not expressly extend to the sub licensing\textsuperscript{67}.

Concerning domestic market supply, except in cases where a compulsory licence is granted to remedy an anti-competitive practice, compulsory licence should be used to ensure predominantly the supply of the domestic market of the WTO member granting the licence. Some exports are permitted, but not if they constitute a main use of the compulsory licence. A compulsory licence must be liable to be terminated, subject to adequate protection of the legitimate interests of the compulsory licence, if the circumstances that justified its grant

\textsuperscript{63} For example the end of a national emergency.
\textsuperscript{64} Notably reasonable investment.
\textsuperscript{65} Right to dispose of excess product, etc.
\textsuperscript{66} Example- certain claim of patent
\textsuperscript{67} Gravais, supra, note 58, at 166.
ceased to exist and are unlikely to recur.

Concerning adequate remuneration of the right holder, in the circumstances of each case, the economic circumstances of the country granting the licence must determine the amount to be paid to the patent owner, taking into account the economic value of the authorization, particularly, in cases where the technology is not normally available in the WTO Member concerned, and subject to the economic and other circumstances of the country concerned, practice in relevant neighbouring territories and worldwide markets should be used to assess such value. The revenue that may have been generated for the use by the compulsory licence is another pertinent criterion. In cases involving anti-competitive practices the need to correct the anti-competitive practices may justify the lower level of remuneration.

Concerning judicial or similar review: decisions to grant, continue, renew compulsory licences as well as decision concerning the level of adequate remuneration of the patent owner must be subject to judicial review or review by an authority higher than that which granted the licence that is with the power to overturn the decision of the granting authority.

In case of dependent patent, where use of a patent requires the authorization to use a prior patent, in addition to the conditions set out above, it must be shown that: first, the second dependent invention involves an important technical advantage of considerable economic significance in relation to the invention claimed. Secondly, the right holder in the first patent is entitled to claim a cross licence that is a licence to use the second patent on reasonable terms to use the invention claimed in the second patent; that may be

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68. That is under contractual licence.
69. Concerning enforcement of intellectual property; id. at 197.
determined in relation to the importance of the technical advantage and economic significance referred to above. Finally, the use authorized in respect of the first patent is non-assignable except with the assignment of the second patent.

Trips Agreement is much more precise than existing international standards in this field. The Agreement does not prescribe nor limit the grounds on which such authorization may be granted. Under the Paris Convention these licenses are called compulsory which deals only with compulsory licence granted for failure to work\textsuperscript{70}. In that respect, it must be noted that under Article 27(1), importation is sufficient to meet local working requirements. Some of the provisions of the two treaties are similar but others deal with different questions. Since the Trips Agreement provides that Members comply with Articles 1 through 12 of the Paris Convention and Article 5 A (2) and (4), dealing with compulsory licences is among them. The safest course seems to incorporate in national laws the conditions of both treaties and to follow, in respect of each case of a compulsory licence, the relevant provision of both treaties\textsuperscript{71}.

\textbf{(b) Procedures for Compulsory Licence}

The application for a compulsory licence may be made to the province court after the expiration of a period of four years from the date of the filing of an application or three years from the date of the grant of a patent whichever period expires last\textsuperscript{72}. However, this time limitation does not apply in the case of products and processes declared by the Attorney General to be of vital

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{70} art.5 (1).
  \item \textsuperscript{71} WIPO, Implication of the Trips Agreement on Treaties Administered by WIPO, 50(1997).
  \item \textsuperscript{72} s. 34 (1); this section adopts the minimum requirements set out by the Paris Convention for the Protection of Industrial Property.
\end{itemize}
\end{footnotesize}
importance for the defence, national economy or public health. This time limit recognizes that it may take some time for the owner of a patent to begin working the patented invention in each country where he has obtained patent protection. The patent owner must be given longer time limit, if he can give legitimate reasons for this application.

The applicant for a compulsory licence and the registered owner of the patent has the right to appear before the Province Court in person or through representatives. Also, the Attorney-General must be informed and he, or his representative, has the right to be heard.

The applicant must prove by registered letter that he has previously approached the registered owner of the patent requesting a contractual licence but that he has been unable to obtain such licence from him on reasonable terms and within a reasonable time. Moreover, a guarantee is required from an applicant of the first two forms of compulsory licence. He must offer a guarantee to work the inventions sufficiently to remedy the deficiencies or to satisfy the requirements which necessitate the application.

(c) **Terms of Compulsory Licence**

The terms of compulsory licence are determined in the first place by the parties themselves and, failing that, by the court. The first priority is given to the parties to agree. The Patents Act 1971 provides for some statutory terms;

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73. s. 35.
74. For example that legal economic or technical obstacles prevent working or working more intensively, the invention in the country. If that is proven, the request for compulsory licence must be rejected at least for the time being; WIPO, supra, note 53, at 36.
75. s. 44.
76. s. 44(3).
77. s. 44(3).
thus a compulsory licence must be non-exclusive\textsuperscript{79} and it is granted upon payment of royalties commensurate with the extent to which the invention is worked\textsuperscript{80}. Thus, in \textit{Parke Davis and Company v. Doctor's Pharmaceuticals Inc.}\textsuperscript{81}, the Supreme Court of the Philippines dismissed the petition for review of the terms and conditions of the compulsory licence fixed by the Director of Patents on the ground that there was no grave abuse of discretion. Accordingly, the 8 percent royalty rate fixed by the Director of Patents was held to be reasonable.

Proprietor must receive reasonable remuneration having regards to the nature of the invention. The agreement between licensor and licensee must be referred to the courts to determine reasonable royalty\textsuperscript{82}. Thus, in \textit{Allen v. Hanburys Ltd's (salbutamol) patent}\textsuperscript{83}, it was held that regards would include taking account of the research and development costs and promotional costs incurred in creating and maintaining a mark for the product.

The question arises as to whether the act of the defendant constitutes gratuitous licence, or one for the reasonable remuneration. Thus, in \textit{De Forest
Trading Tel & Tel Co v. United States, on appeal the court held that the language used certainly indicated the purpose of the Telephone Company not to seek an injunction against infringement, and not to sue for damages therefore, but only to sue or seek for an amicable settlement by payment of just compensation. Such action by the Telephone Company was a licence and constituted a complete defence against a suit for infringement by the De Forest Company.

The Patents Act, 1971 provides that a compulsory licence can only be transferred with the undertaking of the licensee or that portion of his undertaking which uses the patented invention, or it may be transferred with the consent of the authority which granted the licence. Any transfer which does not comply with this provision is void. This transfer has to be made with the same procedure of an application for compulsory licence. Finally, the transferee of a compulsory licence cannot sub-license it.

d) Registration, Amendments and Cancellation of Compulsory Licence

A compulsory licence is required to be registered and the Patent Office does not charge fees for the services. Registration is conducted at the request of the interested party. Also, the Province Court is required to notify the Patent Office of any grant of compulsory licence it makes and registration is made in

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84. Supreme Court of the United States, 1927 273 US 296, 47 Sct. 366,71Ed.625 ; the plaintiff filed its petition against the United States, seeking to recover an alleged unlawful use by the government of certain patented vacuum tubes or audions, used in radio communication. The petition was dismissed. It was conceded by the parties that, on the face of the petition, with the contracts which were made exhibits, the plaintiffs had each the right to licence to the United States the making and use of their audions, and that if either did so licence them, it would be a complete defence to them by the other for damages for the tort of infringement.

85. s. 41(11)

86. s. 41(3).

87. s. 42.
this instance also. The licence has no effect as against third parties until such registration.

A compulsory licence may be amended or canceled. Amendment of the terms of a compulsory licence is made at the request either of the registered owner of the patent or the licensee, and must be justified by new facts, that is the registered owner of the patent grants a contractual licence on favorable terms.

As to cancellation, the request must be made by the registered owner only. He can make the request if the licensee does not comply with the prescribed terms of the licence, or if the conditions which justified the grant of the compulsory licence have ceased to exist. In the latter case, if an immediate stoppage would cause serious damage to the licensee, he must be given a reasonable time to stop working the invention.

(iii)Licences of Right

This provision might be used by a proprietor who has been unable to exploit his patent to the good effect.

Under the Patents Act, 1971, at any time after the grant of a patent, the registered owner can apply to the Patent Office that the patent be endorsed with the words "Licence of Right" which means that the patent is available as of right to any one who wishes to exploit it. In any case some statutory terms of contractual licences are incorporated in the licence of right by reference, including registration of licence for validity against third parties and the right of the grantee of licence of right to exploit the invention for the whole duration of the patent and throughout the country unless otherwise agreed, and finally

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88. s. 43(1); the same section is provided for by English Patents Act.
89. s. 43 (2)
90. s. 45.
the invalidity of restrictions not derived from the patent. Prior consent of the Attorney-General is required where there is payment of money abroad.

The nature of licence of right is some-how between contractual and compulsory licences. The common similarities between licences of right and license contract are: first; the consent of Attorney General if money is to be paid abroad. Secondly, restrictions not derived from rights conferred. The main difference between the contractual licence and licence of right is that, whereas in contractual licence assignment and sub-licensing can be made with the consent of the parties, in licences of rights these acts are prohibited and cannot be made even if all the parties have agreed. Upon the decision of the patentee to grant a licence of right, the matter looks like a compulsory licence. That is so because, in the absence of agreement between them, the terms of the licence are enforced upon the owner by the court. In Cabot Safety Crop's Patent, the Tribunal made decisions about to whom the licence should be granted. The courts have accepted that they have wide discretion in the determination of the terms. When deciding terms under which the licences should be exercised, the courts have taken into account the guidance provided for the grant of compulsory licences. The difference between the compulsory licence and licence of right is that in compulsory licences the justification of the request must be supplied by the applicant and he must comply with certain requirements. There are no such requirements in a licence of right.

The advantage of this category of contract to the patentee is that the amount of annual fees payable in respect of any patent after the date on which the words "licence of right" have been entered in the Register must be reduced

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91. WIPO, supra, note 19, at 67.
by one half\textsuperscript{94}. Moreover, the publication in the Official Journal makes the patent widely known to potential licensees\textsuperscript{95}. Its advantage to the public is that every one is entitled to exploit the patented invention\textsuperscript{96}, and its advantage to the applicant is that, in the absence of the agreement on the terms, those terms be fixed by the Province Court, regarding any relevant interests. Moreover, the endorsement "licence of right " acts as an advertisement that the owner of the patent is willing to grant licences to parties who wish to exploit the invention\textsuperscript{97}.

The registered owner of the patent may, at any time, apply to the Patent Office to cancel the entry "licence of right". The Patent Office must cancel the entry forthwith after payment of all fees which would have been payable if the entry had not been made in the Register, provided that no licence is in force or that all the licensees have agreed thereto.

2. Licensing of Rights Protected by Trade Marks Law

Licensing is indeed the principal option whereby the trade marks of foreign companies are used by the local business\textsuperscript{98}. According to Wilkof\textsuperscript{99}, trade mark licensing is inconsistent with the function of trade mark as an indicator of the actual source of the goods because a licensee, being a person other than the proprietor could never be the actual source of the goods identified by the mark.

The trade mark protection system does not impose any formalities on trade mark licensing. The basic point is that the owner exercises effective control

\textsuperscript{94} S. 45(3); WIPO \textit{id.}
\textsuperscript{96} WIPO \textit{id.}, at 67.
\textsuperscript{97} Bently, \textit{supra}, note 67, at518.
\textsuperscript{98} WIPO, \textit{supra}, note 19, at95.
over the licensee. Under the English Trade Marks Act 1994, licence can be general or limited as to the goods or the services covered, the manner of use, and locality.

The English Trade Marks Act, 1994 provides that defendant may avail himself of any defence which would have been available to him if the action had been brought by the proprietor of the trade mark rather than by the exclusive licensee, and this covers cases where the defendant has been granted a licence, or has the consent of both proprietor to make the use of the mark of which complaint is made. Thus, in Northern & Shell Plc v. Conde Nast, the court held that a trade mark proprietor could give consent which is binding upon the licensee despite the exclusivity of the licence. Such consent would be binding and effective against both the proprietor and the exclusive licensee. This is because the licensee does not require a property right in the mark, regardless of the wording of section 31(3).

The English Trade Marks Act, 1994 recognizes control by the licensor of the main ingredient of future manufacture. The licensor may exercise some form of supervision over the manufacture of the finished goods. Many of the earliest licences cases involved this type of relationship. The most common were the Coca Cola cases. The proprietor arranged for the bottling and distribution of the soft drink under the mark through local bottles. The proprietor furnished the syrup to the bottle and controlled the bottling process by reasons of a contract between it and the bottler. The validity of this arrangement was upheld by some courts. Thus, in BB & R Knight Inc v. W L Milner &

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100. Cornish, supra, note 4, at 17-14.
101. S.28 (2).
Company\textsuperscript{103}, the purveyor of cotton piece goods sold under its well-known US trade mark "fruits of the Loom" allowed manufacturers to process the piece goods into shirts which were sold under the same trade mark. The court held that the proprietors had exercised significant control over the manufacture of the shirts; including the selection of only reliable manufacturers of high standing, and have required such manufacturers to join with the owner of the trade mark in such warranty and guaranty.

The most common situation for implied licence is the use of a trade mark by one employer or a partnership, when the employee or partner with whom the mark originated subsequently claims property in the mark. Each of the applicant's previous employers was deemed to have used the service mark as an implied licensee. Such use was for the benefit of the employee. Thus, in Re Soffile\textsuperscript{104}, the applicant had created and used a service mark in relation to financial services. Subsequently, the applicant became an employee manager of the two companies. In each company, he continued to use the service mark only at the particular branch in which he worked. The court held that the situation is one where an individual accepting employment offered the use of his personal property to his employer. Consequently, each of the applicant previous employers was deemed to have used the service mark as an implied licence. Such use had inured to the benefit of the employee.

\textsuperscript{103} 283 F 816(N.D Ohio (1922); cited in Wilkof, supra, note 99, at 82.
\textsuperscript{104} 156 US PQ 654 (TTAB 1968); cited in Wilkof, id 214.
(i) **Use by Persons Other than Registered Proprietor**

The right to license other enterprises as registered users facilitates the exploitation of the trade mark outside the proprietor's country and permits the transfer of technology and commercial know-how. Nevertheless, the public interest does not favour such licence because it confuses the public as to the origin of the goods bearing the trade mark. To avoid this confusion, most systems of law that recognize the licensing of trade marks impose restrictions on it.

If there is no provision for licensing in the country, the parties may resort to such expedience as registration of the trade mark locally by its owner, then make an assignment of that registration to the user and finally execute a reassignment to the owner. Alternatively, there may be a registration of the trade mark by the user and an assignment of that registration to the owner.

The presentation of the trade mark to the consumer of the physical source or origin of the product is the prevailing view. This is called "source theory" of protection. This theory does not recognize trade mark licensing permitting the use of the mark by a person not associated with the real manufacturing source in its strict sense. Nevertheless, a new idea of the function of trade marks emerged by the "quality theory". This theory emphasizes that a trade mark not only indicates source but also indicates quality. According to Mc Carthy, "the consumer assumes that products sold under the same trade mark will be of equal quality regardless of the actual physical source or producer of the goods". The Sudanese Trade Marks Act,

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105. WIPO, supra, note 19, at 177 - 178.
108. id.
1969 adopts the "quality theory". Thus, it permits licensing of trade marks with limits. It provides that, where a mark is, or may be, used with the consent of the registered owner by another or juristic person, such use is deemed to be that of the registered owner, provided that the relations or arrangements existing between the registered owner and the user ensure that an effective control by the owner of the use of the trade mark concerning the nature and quality of the goods exists, and provided also that the trade mark is not used in such a manner as to deceive the public. Few trade marks laws provide for quality control in their provisions on trade mark licensing. A written agreement is not needed if the law provides for the legal consequences of failure to exercise control. The Sudanese Trade Marks Act, 1969 adopts the Model Law for Developing Countries. According to that law, this provision is designed to prevent removal of the mark for non-use. Moreover, it precludes the licensee from claiming any rights on the mark under his use. The quality control by the licensor is required to prevent any lowering, by licence, of the quality of the goods or services covered by the mark.

The quality control function, with its emphasis on control, could enable a court to give effect to the use of a mark by a licensee. Thus, in Re Radiation case, the applicant for registration of a trade mark was the parent of a group of associated companies. All manufacture and sale of the goods under the mark were carried out by the associated companies rather than by the applicant, which nevertheless, maintained overall policy supervision over the

109. s. 22(1).
110. Those of the United States and Sirilanka; WIPO, supra, note 71, at 94.
111. The provision that any use of the mark by the licensee must be deemed to be use by the registered owner.
112. BIRPI, supra, note 177, at 54.
articles that were to be sold under the mark, and also exercised the control over the design and quality of the manufacture. The Comptroller General rejected the argument that the relationship between the applicant and the associated companies rendered the mark deceptive. Applying a practical approach to the question it was held, by virtue of the corporate relationship between the entities and the actual control that was exercised by the applicant, that the mark "Radiation" in this case becomes in effect the House Mark of the whole group, in addition to which each associated company (or branches) may properly use its own individual mark. This judgment recognized the validity of licensing, at least under circumstances of intra-corporate control.

For a trade mark licensing apart from quality control function, there are other two functions the advertising and merchandising one. According to Wilkof114 "with the growth of advertising and promotion in modern commerce, trade marks increasingly come to be used apart from the goods to which they were actually applied. It was observed that the use of a trade mark in this way served somewhat different function, namely that the trade mark might become the very instrument for creating demand for the goods".

The English Trade Marks Act, 1994 as well as 1938 provides that use by a registered user must be deemed to be use by the proprietor thereof, and must

114 Wilkoff, id, at32; The right of the licensee to bring proceedings against infringers, or to call on the proprietor to bring them are provided for in the English Trade Marks Act, 1994. An exclusive licensee may, by contract with the licence proprietor of the mark, be given the same rights and remedies as if the licence had been an assignment, including the right to bring proceedings in his own name181. Such right of action, if granted, is concurrent with that of the proprietor. However, it is no way for an exclusive licensee to be given such a right in compulsory licence, as it is clear from the wording of the section, that if the agreement granting the licence is silent, and then the exclusive licensee will not have his own right of action1. The Act provides that an exclusive licensee having his own right of action from whom a non-exclusive has been obtained is entitled to bring infringement proceedings in relation to any matter which affects his interest. If the proprietor refuses to bring proceedings, or fails to do so within two months, then the licensee may himself sue as if he were the proprietor or exclusive licensee. In contrast with section 31(1), the right given under Section 30 arises automatically unless the licence agreement through which the licensee derives his rights excludes them.
not be deemed to be use by a person other than the proprietor\textsuperscript{115}. Moreover, a connection in the course of trade with the registered proprietor is necessary for the validity of a trade mark. Thus, in \textit{Pioneer Electronic Corporation and another v. Registrar of Trade Marks}\textsuperscript{116}, it was held that the essential requirement for the maintenance of the validity of a trade mark was that it should indicate a connection in the course of trade with the registered proprietor, and, where the use of the mark was licensed, the licensee maintained the connection of the registered proprietor with the goods, and that the use of the mark did not become otherwise deceptive\textsuperscript{117}.

Courts lastly accepted that a user agreement which was not registered was nevertheless effective and justified if a quality control relationship existed between the licensor and the products or services in question\textsuperscript{118}. Nevertheless, the 1938 contained a ban on "trafficking" in marks. In the \textit{Hollie Hobby TM}\textsuperscript{119}, the House of Lords held that this prevented the whole sale registration of a mark for many types of goods by a company whose business was to

\textsuperscript{115} S. 28 (1). This means more particularly that trade mark can not be attacked for a alleged non use, and the licensee can not himself claim ownership rights in relation to the mark. In consequence, the licensee use could counter allegations for non-use. It would meet the argument that something done by the licensee made the mark deceptive.

\textsuperscript{116} (197) R.P.C.716;the first appellant was the Japanese parent of the second appellant and the registered proprietor of two trade marks, the word "pioneer" and a device mark. The second appellant was a company incorporated in the state of Victoria. By an agreement the second appellant was appointed exclusive licensee in Australia of the said registered trade mark. The second appellant carried on the business of importing into Australia, advertising and distributing and selling whole sale of goods manufactured by the first appellant. The second appellant had in connection with this business promoted the goods by reference to the trade mark in question and had also attached the mark to the goods. The appellant applied to the Registrar of Trade Marks to register the second appellant as registered user of the said trade mark. The application was refused. An appeal to the court was allowed. Cited in Narayanan \textit{Trade Mark Cases}, 891 (1985).

\textsuperscript{117} In \textit{Heublein v. Continental Liqueurs}, where a mark included a statement as to the identity of the manufacturer, the Australian High Court refused user registration, since use by the user would be deceptive.

\textsuperscript{118} See the case of "Bostitch" \textit{TM}, [1984] RPC183.

\textsuperscript{119} [1984] RPC329; cited in Cornish, \textit{supra}, note 4, at17-217; The English Trade Mark Act 1994 abolished the ban on trafficking but the teasing smile of the licensing remains mark.
exploit the merchandising patented of the mark, rather than to produce or market any product. The applications were accompanied by registered user agreement for each category, which contained quality control clause; but this control appeared to be a matter of form only, since the application did not have the personal requirements to exercise meaningful supervision.

Likewise, the USA Trade Marks Act, 1946 permits trade marks licensing with legitimate quality control. A licensee whose sale of goods under a registered mark is validly controlled is a "related company". The Act provides that "Where a registered mark or a mark sought to be registered is, or may be, used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration and such use shall not affect the validity of such mark or its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be."120 Thus, in Alligator Co. v. Robert Bruce, Inc.121, the court stated that the mere fact that one company has the legal right to control the quality of goods sold under the trade mark is not finally and conclusively determinative of the question whether the companies are "related". The statute does not refer to a person whom the registrant has the right to control. The language is "any person who is controlled by the registrant". What the parties actually do in carrying out the agreement is necessarily a question of fact.

Accordingly, under the Sudanese Trade Marks Act, 1969, as well as the

120. s. 1055.
121. (1959 DCPa) 176 F Supp 377; cited in Mc McCarthy supra,note 107, at 641.
English Trade Marks Act, 1938 and USA Trade Marks Act, 1946, power to control the quality of the goods bearing the mark is important in licensing the mark. According to the English Courts slight or contemplated control is enough. Thus, in Mc Gregor, a registered user agreement required manufacture to be "in accordance with directions given by the registered proprietor"; but he gave none. So there was no permitted use; and since there was no other use of the mark it had to be struck off. Nevertheless, American courts differ in determining how much quality control is needed. In Walties Restaurant v. Lincoln Restaurant Corp., the court held that a contractual stipulation for quality control was sufficient even though the licensor failed to exercise the right.

The Sudanese Trade Marks Act, 1969 provides some restrictions upon licence contract involving payments of money abroad. It declares that the Minister of Finance and National Economy may, by order, provide that agreements concerning the use of trade marks by related persons and amendments or renewals of such agreements which involve the payment of royalties abroad must, having regard to the needs of the country and its economic development, require his approval. It further provides that the transfer of royalties abroad must be subject to existing currency regulation.

122. [1979] R.P.C. 36; cited in Kerly, Law of Trade Marks and Trade Names, 256 (1986); this case represented a situation where the registered user provisions provided for quality control, but no actual control was found to have taken place. The registered user registration contained a typical set of quality control provisions. It stated that the goods were to be made in accordance with the direction from the proprietor regarding the material and method to be used and the proprietor or his authorized; the court held that the function of quality control is to ensure that the source theory of trade marks is preserved. When such control is absent, no one is responsible for the quality of the goods identified by the mark and the central purpose of the trade mark as the identifier of source is deemed to have failed. Thus, quality control is mandatory.

123. [1964]NY sup Ct 143 US Pat Quart 310; cited in Mc McCarthy, supra, note 157, at 251; in Arthur Murray Inc. v. Horst, (1953, DC Mass) 110F supp 678. The court held that the licensor agreement not to interfere with the "internal management of the licensee's business" does not mean that the licensor posses an insufficient power of quality control.

124. S. 22(3)(a).
These sub-sections are designed to enable the authorities to safeguard the national interest against excessive foreign influence\textsuperscript{125}. Moreover, they safeguard the country's balance of payments.

Under Trips Agreement compulsory licensing of trade marks is not permitted\textsuperscript{125}. It provides in Article 21 that "Members may determine conditions on the licensing of trade mark. It is being understood that the compulsory licensing of trade mark shall not be permitted"\textsuperscript{126}. The Paris Convention is silent in this regard, but as far as verifiable, none of the parties to it permits compulsory licensing. Where compulsory licence of patent may be justifiable in the public interest, it is not so with trade marks. The purpose of a trade mark being its ability to distinguish the goods or services of one undertaking from that of another. It would be nonsensical to let a third party to use that trade mark without the consent of the trade mark owner.

(ii) Registration, Procedures and Termination of Licence

(a) General Considerations in Registered Agreements

Under the Sudanese Trade Marks Act, 1969 the arrangements relating to the use of a registered trade mark by a related person must be registered at the instance of either party within a period of six months from the date of the instrument and upon payment of the prescribed fee\textsuperscript{127}. Thus, registration of user agreement is mandatory under this Act. Also, the English Trade Marks Act, 1994 like 1938 Act requires a system of registration of the "users" of the mark\textsuperscript{128}. This Act encourages the registration of a trade mark licence. The

\textsuperscript{125} BIRPI-Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition, 55 (1967).
\textsuperscript{126} Gervais, supra, note 58, at 55.
\textsuperscript{127} s. 22(2).
\textsuperscript{128} s. 25.
effects of registration are as follows: First, the use by a registered user is deemed to be use by the proprietor and not by any other person\textsuperscript{129}. Secondly, the registered user has a right to sue the infringer if the proprietor abstains\textsuperscript{130}. Thirdly, the registered user complying with the conditions of the permitted use cannot infringe another registered mark.

A licence need not be registered to be valid as against the licensor. Under the English Act 1938, some degree of control was required by the proprietor over the use of the mark by the registered user\textsuperscript{131}. The absence of this requirement enabled the Registrar to refuse to record the user, on the ground that to do so might tend to facilitate trafficking in a trade mark\textsuperscript{132}. In respect of the unregistered user agreement, the practice of the English courts differs. Thus, in "\textit{Bostitch trade Mark case}"\textsuperscript{133}, the court expressly asserted that there was nothing in the Trade Marks Act, 1938 to preclude a proprietor from arranging for parts of the machines to be made and assembled by others, and asserted also that the propriety of the arrangements made would have been unaffected by a registered user agreement between the parties.

\textsuperscript{129} Cornish \textit{supra}, note 4, at 468.
\textsuperscript{130} s. 28 (3).
\textsuperscript{131} s.28(4)
\textsuperscript{132} s.28 (6).
\textsuperscript{133} [1984] RPC 183 ); the question arose as to the validity of a mark used under arrangements that should have been registered but were not in the\"\textit{Bostitch trade Mark case}\". The proprietor was a United States concern(the foreign), which during and after the war had allowed its British distributor to manufacture up to its designs, pay royalties in some cases and to apply its registered mark "\textit{Bostitch}" to the British made goods. There was no registration of the British company as user. After this position had continued for some fifteen years, the proprietor terminated the agreement. The British company (licensee) continued to use the mark and there ensued an action for the infringement of the mark to expunge it from the Register on the ground that the mark was then distinctive in the country of the British company's goods and that its registration was consequently deceptive. The court held that the reputation in the mark remained with its American proprietor, and that on the other hand, and in so-far-as any use of the mark known to the proprietor was concerned, there was, by reason of the use of the proprietor's designs and know-how, a sufficient" connection in the course of trade" between the British company's goods and the proprietor for that use not to be deceptive.
The English Trade Marks Act, 1994 approach is to leave trade mark proprietors to take care of their mark, rather than providing for the law or the registrar to do it for them. Hence, the 1994 Act repeals all the previous provisions and imposes no restrictions on the licensing of registered trade marks. Generally, the terms of the licence determine the relationship between licensor and licensee. Nevertheless, while it is certain that the old rules regarding trafficking had been abolished, it would not be assumed that licensing can never involve any risk to the validity of a registration of the licensed mark, and it may be that the new provisions relating to revocation mean that as such, if care will not need to be taken to ensure that the use of a registered mark by a licensee is properly controlled.\(^\text{134}\).

The proprietor's control over the use of the mark by the user is a condition precedent to registration under the Sudanese Trade Marks Act, 1969, the English Trade Marks Act, 1994 and the USA Trade Marks Act, 1946. The Registrar recognizes as adequate three sorts of control: that of a holding company over its subsidiaries; that given by a contract entitling the proprietors to prescribe standards of quality of goods; and that of the patentee over the licensee of his patent.\(^\text{135}\).

The courts indicated several advantages to register a registered user agreement:\(^\text{136}\); first, the registration of a register user constituted prima facie evidence that the use of the trade mark in accordance with the licence arrangement was not deceptive. Secondly, use of the trade mark by a

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\(^\text{134}\). The court held that the requirement of s.28 of the Trade Mark Act 1938 were only optional, not mandatory, so that the use of a trade mark could be licensed; so long as the proprietor exercised sufficient control over the use, the registration of a mark was not invalidated; Morcom, the Modern Law of Trade Marks, 1995 (1999).

\(^\text{135}\). White, supra, note 6, at 87.

\(^\text{136}\). Wilkof, supra, note 99, at 42.
registered user was deemed to be use by the proprietor, and it could be relied upon by the proprietor should the trade mark be attacked on the grounds of non-use. Thirdly, the registration of the mark protects the mark from being struck off the Register for non-use where it would exclude the licensee from obtaining damages or an account of profit if the application to register the licence had not been made timeously.\(^\text{137}\) Fourthly, the registration provided the registered user with a limited right to sue a third party infringer. There are three direct consequences of failure to register prescribed particulars of a remittable transaction: first, until such time as an application has been made for the registration of the relevant prescribed particulars, the transaction will be ineffective against someone who acquires, in ignorance of the registrable transaction, a conflicting interest in or under the registered trade mark. This is designed to protect the interests of the third parties, who acquire an interest in a trade mark without a notice of an earlier registrable transaction. Secondly, a licensee would not have the right and remedies in relation to any infringement of the trade mark. Thirdly, the licensee will not be entitled to damages of any infringement of the trade mark.\(^\text{138}\)

A licence of unregistered trade mark is of no legal effect. Thus, in Industrial Company Ltd v. yap Kwee Icor,\(^\text{139}\) in affirming judgment in favour

\(^{137}\) S.25 (4); Michaels, supra, note102, at 153; the registration of the registered user protected the registered user against a claim of infringement by the proprietor, provided that the registered user satisfies the conditions and the restriction of the permitted use under the registration.


\(^{139}\) [1976] FSR 256; the plaintiff a Hong Kong company trading in tooth brushes in Singapore ceased doing business there due to import restrictions. The tooth brushes had been traded under a certain mark, but the mark had been registered in Singapore. Subsequently, the plaintiff entered into an agreement for the establishment of a company in Singapore to manufacture and sell tooth brushes under the trade mark. One half of the share capital of the new company was owned by the plaintiff, the other half was owned by two other companies in which the plaintiff had no financial interest. The new company obtained the exclusive right to use the plaintiff's know how and the trade mark in respect of tooth brushes. It is not clear from the decision whether the grant of the trade mark was by way of an assignment, albeit limited in time, or an exclusive licence. The issue was whether the plaintiff had a
of the defendant, the court held that there was no basis for finding that the licensing of an unregistered trade mark is countenanced either at common law or by extension from the registered under provisions.

(b) **Procedures for Registration**

Under the Sudanese Trade Marks Act, 1969, the Registrar must issue a certificate of registration under his hand in the prescribed form. The registration must be as from the date of the application and its duration must not in any case exceed that of the mark itself. In the absence of such registering, the licence will be null and void.

Unlike the Sudanese Trade Marks Act, 1969, the English Trade Marks Act, 1994 deals with the procedure of registration in detail. The application for registration of a user must be made jointly by the proprietor and the proposed user, and the proprietor must furnish particulars of the relationship between the parties and the extent of the proposed permitted user. An application of a trade mark must be filed indicating certain prescribed information, such as identity of the licensee and the date and duration of the licence, but without the need for any substantive examination of the licence by the Registrar. The Registrar must decide whether an agreement is or is not against public interest. If the acceptance of the application of licensing tends to facilitate trafficking in a trade mark, the Registrar must refuse the application. The information supplied with the application must be kept confidential by the

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140. S. 22(2).
141. S. 28 (4); Kerly *supra*, note 174, at 257.
142. S. 28 (5).
143. S. 28(6); trafficking in mark means dealing in a mark as a commodity in its own right, and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested.
The registration of the licence must be notified to the other registered users. The Registrar has a power to vary or cancel the registration of a person as a registered user. In Actomin Case, in applying to register a user, the proprietor made a misleading statement as to a term of the arrangement between the parties. The court refused to cancel the user's registration on a complaint made by the proprietor that the actual terms had been broken by the user. Also in Holly Hobbie, manufacturers of greeting cards featuring a character "Holly Hobbie" sought registration of a "Holly Hobbie" mark in some dozen classes, accompanying each application by an applicant for registration of a producer of the relevant goods as user. The court held that in spite of the provisions in the user agreements for quality control, the proprietor of the mark had no trade connection with the goods, and that the application were rightly refused as "trafficking".

The cancellation must be notified to the registered user; otherwise, an order may be refused. The Registrar also has a right to cancel the registration of a person as registered user of an unregistered mark. A licence for a limited period must be canceled by the Registrar after the expiration of that period. The registered user has no right to grant sub-licence or assign the licence. The decision of the Registrar under section 28 is subject to appeal.

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144. S. 28 (7).
145. S. 28(9).
146. 70 (1953)R.P.C. 201 at P 204; cited in Kerly, supra, note 174, at 258.
148. S. 28(a).
149. S. 28(10).
150. S. 28(12).
151. S. 28 (11).
(d) **Termination of the licence**

The general rule in the United Kingdom is that the court has no equitable jurisdiction to grant relief from forfeiture of a trade mark licence. Thus, in Sport International Case\(^ {152}\), the court found that the first bank guarantee had not been provided in a timely manner. The respondent was accordingly entitled under the forfeiture clause to seek the judgment on outstanding balance and to terminate the trade mark licence. The licensee sought relief from the forfeiture of the trade mark licence. The court denied the request. It held that the equitable jurisdiction of the court to grant relief from forfeiture did not apply to a trade mark licence because it applied only to the proprietary rights, and rights created by a trade mark licence are merely contractual in nature.

A party can rely on a so-called, best endeavours' clause to terminate the agreement. The provision obliges a party usually the licensee, to use its best endeavor in connection with its performance of the agreement. The meaning of the best endeavours under the United Kingdom law was extensively considered in the case of IBM United Kingdom Ltd v. Rock ware Glass Ltd\(^ {153}\). The provision at issue was in connection with an agreement for the sale of land, and the obligation of the vendor to the best endeavors of the purchaser was to obtain planning permission. Planning permission was not obtained, and the parties disputed whether the best endeavors provision

\(^{152}\) 2 [1984]1 All ER376; the forfeiture clause in question was contained in Tomlin order that had purported to settle a long standing dispute between the parties involving distribution and trade marks rights. As part of the order, the licensee was granted a licence for a limited period of time for the use of a certain trade marks. The licensee further agreed to pay a fix sum in three instances and to furnish two bank guarantees. The termination clause provided that if the licensee failed to furnish the guarantee in a timely fashion, the licensor was entitled to demand the payment in full of all outstanding balances owed, and to terminate the licence immediately.

obliged the purchaser to appeal to the Secretary of the State. The Court of Appeal held that the purchaser's failure to appeal to the Secretary of State was a breach of its obligation under the provision. There was a general agreement among the three judges to their understanding of the meaning of the best endeavor. It was their view that the purchaser was bound to take all those steps in their power which are capable of producing the desired result, namely the obtaining of planning permission, being steps which a prudent, determined and reasonable owner, acting in his own interests and desiring to achieve the result would take.

In New Zealand case, Talleys Fisheries Ltd v. Petersville Industries Ltd\textsuperscript{154}, the court held that "nowhere in the contract is there any guide as to what was an acceptable minimum performance, what sales had to be achieved, what degree of promotion was required in respect of one product or against another. It is suggested that a similar lack of certainty could be fatal to the enforcement of a best endeavor clauses".

3. Conclusion

The Sudanese Patents Act, 1971 does not deal with all the legal aspects of licensing contracts. Such contracts will be governed also by other provisions in the law of the country, particularly the general rules of the law of contract. Moreover, the requirement of the government's approval in licence contracts involving payment abroad is superfluous. This is because the Sudanese Laws on investment or foreign exchange control already provide for a general control of all contracts involving payment abroad. The aim of invalid

\textsuperscript{154}. Unreported, August, 5, 1988, Nelson Registry; the parties entered into a complex distribution and licensing agreement. The licensee (distributor) undertook not to..., use any of the trade mark or otherwise act in a manner detrimental to the interests of the licensor. When the licensee began to sell and promote a competing brand, the licensor sought to terminate the agreement. The court refused to find that the provision supported the termination.
clauses in licence contracts is to prevent the licensor from imposing upon the licensee restrictions in the industrial or commercial fields not deriving from the rights conferred by the patent. Contractual licence is the best licence in which more economic exploitation will be gained because of the authorization of the technical know-how.

To suit emergency situations and to prevent a patentee from acting as a sole producer, compulsory licence is given against the will of the patentee. The arrangements for compulsory licence under the Sudanese Patents Act, 1971 do not include all the possible methods of compulsory licence. No mention has been made of expropriation provisions. Moreover, section 35 is very wide in scope. It does not determine the type of the products or the process that can be included. By allowing importation, promotion of local manufacture is not necessarily among the aims of the section.

Under both the Sudanese Trade Marks Act, 1969 and the English Trade Marks Act, 1938 licensing of trade marks is subject to certain formalities such as registration. Under the Sudanese Trade Marks Act, 1969, treatment of licensing of marks is ambiguous. It is not clear whether the mark becomes invalid if no control is ever exercised. The Model Law for Developing Countries expressly provides that the licence contract is null and void in the absence of relations or stipulation in that contract between the registered owner of the mark and the licensee. Moreover, it is not clear whether the Sudanese registered user has a right to institute infringement proceedings in his own name.
Chapter 10

Conclusion and Recommendations

It took the world a great time to reach the stage where the concept of intellectual property protection could stand on its feet. At the threshold of the third millennium the international community reached an agreement in an old left-over agenda concerning international trade and protection of intellectual property rights.

Since the Briton Woods Agreements 1944 which established the International Bank for Reconstruction and Development (IBRD), and the International Monetary Fund (IMF), there was a relentless pursuit to reach an understanding on how to tackle the problem of international trade.

After Marathon Negotiations in what was called the Uruguay Round on multilateral trade negotiations under the framework of "GATT", an agreement was reached in Marrakech in 1994 on the convention establishing the World Trade Organization. Annex "c" of the Marrakech Agreement contained the Trade-Related Aspects of Intellectual Rights "Trips". The TRIPs Agreement was a land-mark in the process of internationalization of intellectual property law, moving it from the stage of bilateral agreements or agreement concerning only a group of countries to a multilateral agreement that paved the way for further development and harmonization in the field of intellectual property by establishing rigorous mechanisms to which the national laws should adhere. Based on these mechanisms the Sudan was able to harmonize to a large extent its laws in the field of intellectual property in the manner discussed in this thesis. TRIPs is not a new issue in the field of intellectual property; in
fact it includes the principles contained in the Paris and Berne conventions which came to light a century ago.

According to the Trips the term intellectual property refers to copyrights and related rights, trade marks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits, and protection of undisclosed information. In addition to the concepts of national treatment and most favoured nations, the Trips Agreement provides specifically for the protection of computer programs and databases.

Debate is going on for quite a long time about the effects and/or advantages or disadvantages of strong intellectual property regimes in the promotion of industry and investment in developing countries. Many scholars see intellectual property rights and economic development as opposing values. For some, the strong intellectual property protection encourages the transfer of technology and knowledge to developing countries and thus increases the rate of their technological development.

To what extent this can be applied in the case of Sudan by adhering to strict application of international intellectual property norm, remains a question to be answered by the parties concerned in the coming future. Yet the experiences of countries like India, China, Taiwan and South Korea stands as a relevant example for the usefulness of the protection of intellectual property for economic development.

It is worth mentioning that the concept of intellectual property in the Sudan is relatively new. The first known law in this field was the Trade Marks Ordinance 1931. It was only in 1971 and 1974 that two other legislations were introduced in this respect. They are the Patents Act 1971 and the Copyright Protection Act 1974.

In its attempt to join the WTO, the Sudan is keen to ratify all the conventions and treaties that regulate, at the international level, the
protection of intellectual property. However there are certain missing legislations in the field of the protection of Industrial Designs, Appellation of Origin, Indication of Sources, Layout Designs of Integrated Circuits and unfair trade competition.

As mentioned by Dr. Idris\(^1\), intellectual property should serve as a power tool for economic growth. This cannot be achieved without strong regime of protection whether in the legislative side or the practical side of management and enforcement through the different known means of protection. Yet we are always faced with the fast development in the field of intellectual property at the international level through the different initiatives and conventions which come into existence from time to time to address the rapid evolution in inventions and the advance of technology, specifically computer based technology and the impact of the internet in the dissemination of knowledge and accordingly the need for protection in an unconventional manner.

This challenge is not only limited to specific field of intellectual property, in fact it touches on all the known branches of the subject. We are faced with challenges in the copyright and related rights field as well as in the patents, trade marks, industrial designs and trade secrets. In the copyright field, the advancement in computer technology poses some difficulties to the rights of individuals and the investment made by the enterprises in this technology. On the other hand, the internet and the problem of protection of the material stored in the net are creating a real challenge in the field of private international law.

Downloading, copying and transference of such material are yet to be regulated by the international law in a manner that does not affect the flow of information or create trade barriers for the normal flow of trade. On the other hand, the internalization of trade in an unprecedented

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manner and the necessity of protecting trade marks and patents in remote places far from the origin of the trade mark or the patent requires a relentless effort to bring the concept of protecting intellectual property to the attention of the population in such areas where the consumption of IP related items is increasing and the infringement of such rights is augmenting every day.

The Sudan as a least developed country needs the flow of international capital in the form of foreign direct investment (FDI). That cannot be achieved without having in place the adequate legislation that addresses the issues of intellectual property, and having the necessary protection measures and capabilities to implement the laws and regulations and the norms laid down by international law and the relevant agreements and conventions.

Trips Agreement, despite all its imperfection, was able to achieve the successful approximation of extra territorial treatment of immaterial property towards the treatment afforded to other subject-matters of international trade, whilst taking into account technological developments and their consequence as well as the changing conditions of international trade. The term of patent protection must be equivalent to any adequate reward for creativity. The expenditure of time, and skill and the incurred expenses must be taken into consideration in determining the period of protection.

In all legal systems writing is used as evidence of the form of the legal document referred to as an "assignment". Moreover, no particular form of the assignment is needed so long as it satisfies the following requirements: Firstly, it is in writing; secondly, it is executed after invention has been reduced to practice either actually or constructively; thirdly, it properly identifies the subject-matter assigned; fourthly, it contains operative words expressing an intention to assign; fifthly, it sets for the consideration for
the assignment; and lastly, it is duly signed by the owner of the legal title to the invention or by his duly appointed agent in his name.

The Sudanese Patents Act, 1971 does not recognise an equitable assignment. But the common law recognizes things in existence and leaves to equity the jurisdiction as to the things to be created in future. Accordingly, if an attempt is made to assign an invention not yet in being, or not yet complete, an equitable title only is transferred. It is nothing more than a mortgage on the patentee's future work. It is a contract of probabilities and contingencies in which future inventions are assigned along the same line as the assigned invention. Moreover, the Act does not regulate options for the purchase of patents which in an American contract serves the purpose of an investigation about the commercial value of the invention or its patentability..... etc. It is entered into to enable the purchaser to inquire about the patentability of the invention and matters related to the patent. Although the more usual type of the assignment is unconditional, conditional assignment is recognized by all systems of patent laws. This may hinder immediate transfer of the inventor's entire rights or it may destroy the assignment character and convert it into a mere licence. The holding of patent rights in common is analogous to a partnership. Hence, by virtue of joint ownership, the co-owners may feel that it is to their mutual interest to enter into an agreement permitting each to obtain the consent of the other in case of assignment of their patent. Accordingly, the Sudanese Patents Act, 1971, as well as the other systems of law make the assignment by co-owners subject to the agreement between the parties. Since the assignment affects the legal title to the patent, it must be registered. Registration is essential for the benefit of the assignee against the subsequent purchaser. Accordingly, all subsequent purchasers and licensors are then put on "constructive notice" of the assignee's registered interest and he is completely protected.
The Sudanese Patents Act, 1971 does not deal with all legal aspects of licensing contract. Such contract will be governed also by other provisions in the law of the country; particularly the general rules of the law of contract. Moreover, the requirement of the government's approval in licence contracts involving payment abroad is superfluous. This is because the Sudanese laws on investments or foreign exchange control already provide for a general control of all contracts involving payment abroad. The aim of invalidation of certain clauses in licence contracts is to prevent the licensor from imposing upon the licensee restrictions in the industrial or commercial field not deriving from the rights conferred by the patent. Contractual licence is the best licence in which more economic exploitation will be gained because of authorization of the technical know-how. To suit emergency situations and to prevent a patentee from acting as a sole producer, a compulsory licence is given against the will of the patentee. Tris Agreement is much more precise than existing international standards in the field of compulsory licence. The TRIPs Agreement does not prescribe nor limit the grounds on which such authorization may be granted. There are certain conditions for a compulsory licence to be granted under Article 12(1) or (2) of the Trips Agreement: the applicants must show that they have applied unsuccessfully to the holder of the patent and plant variety to obtain a licence. They must also show that the plant variety that they wish to use constitutes significant technical progress of considerable economic interest compared with invention claimed in the patent or the protected plant varieties. The holding of patent rights in common is analogous to a partnership. Hence, by virtue of joint ownership, the co-owners may feel that it is to their mutual interest to enter into an

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2. art.5 (1).
3. Art.12 (3) (a) (b).
agreement permitting each to obtain the consent of the other in case of assignment of their patent. Accordingly, the Sudanese Patents Act, 1971, as well as the other systems of law makes the assignment by co-owners subject to the agreement between the parties. Since the assignment affects the legal title to the patent, it must be registered. Registration is essential for the benefit of the assignee against the subsequent purchaser. Accordingly, all subsequent purchasers and licensors are then put on "constructive notice" of the assignee's registered interest and he is completely protected.

Registration is optional for copyright owners and obligatory for contracts under the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996 and USA Act 1976 but not under the English Copyright, Design and Patents Act, 1988. The divisibility theory is prominent in the Sudan’s Copyright and Neighbouring Rights Protection Act, 1996. Accordingly, the principle of limiting transfers to those rights stipulated in the contract is a basic rule. Also, the transfer of prospective copyright is more favourable to assignee than to author. Irrespective of legal recognition of this transfer in some countries, there are some modes minimizing its danger to the author. For instance some countries prevent such transfer without limitation. In some countries including Sudan, publishing contract is not regulated by any special law. But their validity, construction and enforcement are controlled by the ordinary rules governing contracts dealing with personal property.

The Sudanese Copyright and Neighbouring Rights Protection Act 1996 does not provide for compulsory licence of copyright. Licence of copyright may take many forms. It may be exclusive or non-exclusive, express or implied. The thesis discussed also what is called "click wrap licence", Shrinkwrap licence" and the ""needle time doctrine"\?

With regards to the trade marks law, there has been a continuous demand since 1899 for the registration of trade marks. But the enactment of
the law came in 1931. This Act was repealed and reenacted by the 1969 Act. Nevertheless, further amendment is needed to remedy its weaknesses. To avoid the risk of misleading the public; the basic rule of the old English Act prohibited the use of the mark by other persons. Accordingly, a mark could not be transferred to another except with the whole goodwill of the business for which it was used. Gradually, this rule has changed. Now, under both English and Sudanese Acts, trade marks can be transferred with or without the goodwill of the business. Moreover, in consequence of an assignment, a registered mark can be changed in its form in a manner not substantially affecting its identity. A personal name can be assigned to another along with the goodwill. The registration of the trade mark assignment enables it to be recognized as valid and enforceable between the parties as against assignee acting in good faith.

Whether a transfer is an assignment or licence is determined by its legal effect and not by the name given to the instrument. Moreover, upon interpretation of an assignment the intention of the parties must be considered.

Under both Sudanese Trade Marks Act, 1969 and the English Trade Marks Act, 1938, licensing of trade marks is subject to certain formalities such as registration. Under the Sudanese Trade Marks Act, 1969 the treatment of licensing of marks is ambiguous. It is not clear whether the mark becomes invalid if no control is ever exercised. The WIPO's Model Law for Developing Countries expressly provides that the licence contract is null and void in the absence of relations or stipulations between the registered owner of the mark and the licensee. Moreover, it is not clear whether the Sudanese registered user has a right to institute infringement proceedings in his own name.
A legitimate question which requires to be answered is whether the Sudan is in need of strong IP regime for its development? And if the answer is yes, how?

As mentioned before the transfer of technology needs effective intellectual property regime, because the owners of such technology will not allow their efforts and investments to evaporate without reasonable returns. Sudan is endowed with the comparative advantage of being an agricultural country with abundant and rich natural resources. If coupled with the competent human resources in this field, there could be a breakthrough in the field of patents and in particular the plant varieties.

Since the sixties of the last century, researches were already in place with agreeable results in genetic engineering and new varieties of plants. Unfortunately, few material rewards came to Sudan in this respect and little was documented internationally so that the researchers or the institutes behind them get the appropriate benefits for the intellectual property. This leads to the conclusion that the government together with the universities, the research institutes and the private sector should put in place clear intellectual property regulatory mechanisms geared towards the promotion of research and development and to link all these with the industry in order to acquire new technologies. Governments should develop the presence of the political will, commitments and guidelines to indicate legislative reform broke up from the community needs to have team works joining technical laws and lawyers law to achieve justice and reduce disputes.

The Development of an intesachire data-base is becoming a necessity to assess the legal needs at one hand and to provide necessary information on management and enforcement on the other hand.
In certain areas of intellectual property especially the geographical indications, some Sudanese products such as Al Duwaim cheese could be listed as a Sudanese product susceptible to protection under this heading. Again, indigenous products and medicinal herbs such as the hibiscus species\(^4\) are of great commercial value and should be protected as part of the indigenous knowledge and heritage.

Information, dissemination and sharing is increasingly helping developing countries in promoting their unknown products in the developed countries, by using means already in place like the PCT which allows international application for patents and thus reduces the time and money spent in this process.

In most fields of intellectual property and related rights advantage should be taken of the World Wide Web systems in promoting copyrighted materials and the folklore in other countries.

Raising awareness in intellectual property rights is of paramount importance in acquiring and using new technologies; accordingly this matter should take the lead in the formulation of capacity of concerned persons. That can be achieved through fostering the use of intellectual property systems and the exploitation of intellectual property information, encouraging invention, innovation and creativity and ensuring managing intellectual property in the best manner that makes the stakeholders confident of the IP administration. To attain the best implementation for the Sudanese intellectual property laws we have to develop and amend these laws and their rules from time to time to take into account new issues. There is a need to fix institutional reforms in general and in specific for exploitation of intellectual property rights in three areas: executive, legislative, and the judiciary sectors. It is imperative to

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\(^4\) Now hibiscus is used in many important and useful products like cosmetic products, and as dyes for hairs and as colorable for medicine, etc
have effective presence of these sectors together with their cooperation with the society and lawyers. To improve and develop physical capacity-building, state must provide financial support and manpower to these sectors and follow up the institutional management and evaluation. It is rational to improve the capacity of those who work at the intellectual property departments and responsible for enforcing intellectual property like the judges, lawyers, customs officials or the police, right holders, users by participating in local, regional and international conferences and workshops to possess a basic knowledge of how to interpret intellectual property.

Trade marks as branch of intellectual property is one of the domains where developed countries can have a considerable stake by developing their own marks out of existing products which are being used or consumed by others without being recognized by a definitive name or mark. The existing weaknesses of the Trade Marks Act, 1969 and its prospects for future will be noted. This Act has many short-comings. It does not express provide for the "associated trade mark". However, while the Act does not use this term, it is suggested that, under the Sudanese practice, where the assignor owns more than one registration for the same or very similar marks, if one registration is assigned, all such registration must be assigned to the same assignee. Moreover, the Sudanese Trade Marks Act, 1969 does not recognize the transfer of unregistered marks. The assignment of unregistered mark takes away the assignee's enforcement right of proving ownership of goodwill. Thus, the assignee can acquire no enforceable right against anyone but the assignor. In a passing-off action, or on an application to register, if the assignee is required to prove that the mark distinguishes his goods or services, he can rely on use by a

5. General Meeting with Ibnoaf, consultant, WTO Negotiations-socioeconomics strategic planning.
predecessor-in-title of the trade mark. Furthermore, the Sudanese Trade Marks Act, 1969 does not provide detailed rules concerning the assignment in general. Accordingly, it is not clear whether the transfer is retrospective to the date when it was actually made or not. This Act does not recognise the advertisement of the assignment of the registered mark, and the assignment of the application of a mark. This Act must address the problem of importing spare part of well known international marks and other deficiencies. It should be amended in a way which expressly provides for payment of damages or compensation to trade mark owner whose right is infringed by an infringer. In 2000, the WIPO General Assembly and the Assembly of the Paris Union adopted a joint recommendation concerning trade mark licensing providing a maximum list of indications and elements that an office may require for the recordal of the licence and containing a Model International Form\(^6\). The recommendation tries to limit the effect of non-compliance with the recordal requirements to the licence agreement itself by stipulating that the non-recordable licence should not affect the following: First, the validity of the trade mark which is the subject of the licence\(^7\); second, any right that the licensee might have under the legislation of the Members States to join infringement proceedings initiated by the holder;\(^8\) thirdly, the question whether the use of a mark by a third person can be considered as use by the trade mark holder which can be relevant in the context of use requirements\(^9\). The English Trade Marks Act, 1994 provides for a kind of simplified form, with certain conditions to be fulfilled before the registrar recognizes the registered user agreements. Since the register is open to

\(^6\) Art.2 (1); WIPO, Back Ground Reading Material in Intellectual Property, 94 (1988).
\(^7\) Art.4 (1).
\(^8\) Art.4 (2) (a).
\(^9\) Art.5.
inspection, the parties to a licence agreement do not normally register the
agreement but rather the simplified form.

The current Sudan's Copyright and Neighbouring Rights Protection
Act, 1996 need to be amended to cope with the Trips Agreement. The Act
is silent as to the commercial rental to the public of originals or copies of
computer programs or copyrighted works which is provided for by TRIPs
Agreement. Also, the Act grants moral rights to authors whereas TRIPs
Agreement does not oblige Members to protect the moral rights of
authors. In 2002, a proposal to reform the Act was submitted adding
definitions in many terms that are not defined by the previous one. Also,
it added independent parts for collective society and the protection of
folklore but ignores the above-mentioned observations.

The problem of multiple infringements of intellectual property rights
between countries poses a real challenge to the efficacy of IP protection.
Communication of copyrighted works over digital network makes the
work available simultaneously in many countries to guard against
infringement. If the act of infringement takes place in a forum where the
defendant is neither resident nor doing business, courts normally have no
jurisdiction over a claim relating to infringement committed outside the
forum.

Almost 80% of corporate intellectual property is held in digital form.
Copyrights, trade marks, trade secrets and confidential information are all
available in an open space which is by nature uncontrollable. New
methods other than the conventional means should be found and adopted
for the protection of IP on the net. With all the efforts which are taking
place on the international level without reaching a definite solution it is
not possible to suggest a viable answer for the queries posed by the
invention of technology. Yet it is to be noted that it is the first time in
history that an international instrument requires signatories to provide
IPR holders the means to enforce their rights through government agencies and other related judicial and administrative bodies.

There is a gap in the area of coordination between the academia and the industry in the Sudan in the field of intellectual property. It is known that universities in Europe, Japan and USA are being funded by the researches sponsored by the industry in pursuit of innovation and inventions. Adopting this method to our universities and institutes in the Sudan could have a great potential in the field of creating rather than consuming intellectual property.

To achieve this goal a national body should be established with the intention of studying the possible areas where the Sudan can have a comparative advantage in intellectual property matters or in the creation of trade marks or patentable matters or geographically related goods. The same can be applied to items of folklore and indigenous knowledge. With the help of the national industry and the FDI from companies having interest in investing in the Sudan economy, the country can set an example for the African continent in being a model in the field of intellectual property creation.

In area of intellectual property litigation, Sudan has proceeded fast and created a special court of intellectual property. Nevertheless, we must generalize this idea in all parts of Sudan to afford opportunity to the owner of intellectual property to defend his right easily anywhere in Sudan without any problem. Also, to avoid people restoring to court, we must simplify the procedures for litigation and encourage courts to reach final decisions promptly without taking many years10.

Few countries have adequate resources to make use of the opportunities provided by Trips, opportunities which in any case depend

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10. As the well-known and recent case mentioned above of Hashim Sadig v. Broadcasting & Television Organization 1267/2002(unreported)which is not reach final decision since 2002.
on the enactment of the right of national legislation. One way forward is to develop model intellectual property right legislation for developing countries which takes into account the health needs of their consumers\textsuperscript{11}. Trips should place public health interests above those of the commercial interests.

The scope and length of intellectual property standards in Trips should be flexible to allow developing countries to formulate, enact and implement national legislation on intellectual property rights as a policy instrument for the technological, economic and commercial development of their respective countries.

The transition period should be extended to allow developing countries to achieve competitiveness in the world market. Some countries in Western Europe as well as Japan refused to grant product patents for pharmaceuticals until they had reached international competitiveness. These countries provide the most convincing argument that a national patent policy is essential for the technological development of a national pharmaceutical industry.

The dramatic technological development in recent years needs to be recognized in copyright law. The protection based on national law is no longer sufficient. The work can be used abroad without the author's consent and without the payment of remuneration. By adhering to international conventions the mechanism of the convention ensures the transporter protection of copyright and giving the possibility of deriving profit from the using of the work internationally and the works and rights of all countries party to the convention\textsuperscript{12}.

We must have needs assessment and impact assessment: first, more focusing on Trips issues; second, developing advance methods for the

\textsuperscript{11} Drahos, Global Changes on Intellectual Property, 102(2002)

\textsuperscript{12} Deshain, The Protection of copyright under the Universal Copyright Convention and the Sudan Copyright Law, March, 2002.
effective control and management of Trips Agreement; third, Broaden the scope and coverage of the institution recommended above; fourth, high light the positive and the negative impact of the different obligations and ways to optimize the benefit and minimize the negative; and fifth, equip the Sudanese negotiators with the necessary tools to participate and contribute to the future negotiation.

Works of Sudanese folklore are extensively exploited outside of their communities and regions of origin, without any remuneration or other advantages flowing back to Sudan. In Sudan, also there are two folklore achievements; museum or libraries remained unprocessed, unorganized, and uncatalogued. To exploit and commercialize expression of folklore on a worldwide scale, the UNESCO\textsuperscript{13} recommended the establishment of national archives\textsuperscript{14} where the collected folklore can be properly stored and made available. It also recommended the creation of folklore museum or folklore sections at existing museums where traditional and popular culture can be exhibited. As for personnel, it advocated the training of collectors, archivists, documentalists and other specialists in the conservation of folklore from physical conservation to analytical work. With regard to preservation it suggested, inter alia, moral and economic support for individuals and institutions studying, making known, cultivating or holding items of folklore.

The arrangements for compulsory licence under the Sudanese Patents Act, 1971 do not include all possible methods of compulsory licence. Moreover, section 35 of the Act does not cover all situations. It does not determine the type of the products or the process that can be included. By allowing importation, promotion of local manufacture is not necessarily among the aims of the section. Accordingly, the Patents Act, 1971 must be

\textsuperscript{13} The UNESCO/WIPO Model Provisions of 1985.

\textsuperscript{14} Archives include a variety of materials like correspondence, notes, books, plans, maps, drawings, photographs, films, microfiches, sound recordings and computerized data.
amended to correct these weaknesses and to provide for the matters not regulated. Such amendments are not only desirable, but they are also necessary, because patent law is the basic means of economic growth of the country. This cannot be attained unless the Act is kept up-to-date. The Act must be amended to address the issue of access to medicine; to allow the application of the exhaustion rights and parallel importation of urgent drugs and application of compulsory licence on health grounds.
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