

## Intellectual property clause (employment) Q&A: India

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India-specific information concerning the key legal and commercial issues to be considered when drafting an IP clause for use in the terms of employment between the employer and employee.

See [Standard clause, Intellectual Property clause \(employment\): International](#), with country specific drafting notes and [Standard document, Terms of employment: International](#).

### IP clause

**1. Is a clause such as [Standard clause, Intellectual property clause \(employment\): International](#) included in the terms of employment between employers and employees in your jurisdiction where the employer wants to protect any IP created by an employee?**

Yes.

### Inventions

**2. In the absence of a specific provision in the employee's terms of employment, who owns and can patent any invention that the employee creates during the course of their employment?**

In the absence of an assignment clause, the employee owns any invention created by them in the course of their employment. Section 6 of the (Indian) Patents Act 1970 sets out the persons entitled to apply for patents, which are:

- The true and first inventor.
- An assignee claiming rights.
- A legal heir of the deceased inventor.

Unlike the Copyright Act, where there are deeming provisions vesting title in the employer's favour, there are no similar provisions under Indian Patent Law.

Therefore, it is presumed that any variation of the statutory entitlements is a contractual matter.

However, the employer can subsequently arrange for appropriate documents to be signed by the employee to prove the employer's right to the invention. The appropriate documents would be either:

- An assignment.
- A form signed by the employee consenting to the patent application being filed with the patent office.

Only the party named as the owner can patent the invention. Therefore, the default position is that only the employee can do so. However, with a specific provision transferring ownership, the party named as the owner (for example, the employer or its IP holding company) could also patent the invention.

**3. Would your answer to Question 2 above be different if the employee created the invention outside of working hours and/or using their own premises, resources and equipment?**

No.

**4. Is there any wording that should be included to ensure that any statutory requirements are met for the employer to be the owner of an invention by their employee in your jurisdiction?**

Straightforward wording in the employment contract assigning the right to ownership of any invention should be sufficient.

However, it is advisable to have the inventor sign a Form 1 (form for proof of right) under the rules to establish clear title or at least have a separate assignment agreement identifying the invention. This is because, generally, the employment contract does not identify specific inventions and merely states that all inventions created in the course of employment would belong to the employer; a subsequent specific assignment or Form 1 identifies the individual invention specifically.

In practice, it is not necessary to provide for both a Form 1 and an assignment agreement, one of them should be sufficient.

**5. In the event of a dispute over ownership of an invention, and in particular whether it was created during the course of employment, what would the courts look at to determine whether the employer is entitled to the invention?**

The following may be considered:

- Whether the employee had any duty to invent or research as part of their employment.
- Whether the employee had used the employer's resources, time or efforts during the course of employment.
- Whether the invention relates to the business of the employer.
- The terms of the employment contract.

## Copyright

**6. In the absence of a specific provision in the employee's terms of employment, who will own the copyright in anything that the employee produces during their employment?**

The employer (*section 17, Copyright Act 1957*).

**7. Would your answer to Question 6 above be different if the employee produced the copyright work outside of working hours and/or using their own premises, resources and equipment?**

Now that employment often involves more "working from home", it is less clear that the answer would be different.

However, the test has usually depended on the following aspects, where there is a dispute:

- Whether the employee had any duty to create copyright works.
- Whether the copyright work relates to the business of the employer.
- Whether the copyright work would generally be construed as having been done in the course of employment, due to the nature of the employment.
- The terms of the employment contract covering these aspects.
- In the case of a director of a company, in the absence of contract of service, whether the memorandum of association or articles of association throw any light on the question of ownership.

(*Neetu Singh v Rajiv Saumitra, Delhi High Court.*)

## Trade mark

**8. In the absence of a specific provision in the employee's terms of employment, who is entitled to apply to register any trade mark that the employee creates during their employment?**

There are no deeming provisions for the employer to own the mark in such a situation.

However, unlike the situation regarding patents, where a proof of right is a must, Indian trade mark law does not require a proof of right from the employee when the trade mark application is filed. As a result, in practical terms, the employer would be entitled to register the trade mark if:

- The trade mark relates to the business of the employer and is governed by the employment.
- It is the duty of the employee to conceive trade marks.
- The trade mark has not become synonymous / associated with the employee.

## Definitions

**9. Is the definition of "Employment IPRs" in Standard clause, Intellectual property clause (employment): International valid in your jurisdiction?**

The following aspects may not be valid:

- If any other party (non-employee) creates IPRs on behalf of the employee, the IPRs would not vest with the employee.
- If the employee does not use the employer's resources, the employer may not be in a position to enforce such clause in case of a dispute.

These issues would also apply in relation to the definition of "Employee Inventions".

Otherwise, the rest of this definition is standard practice, provided that the employee creates the "Employment IPRs" during the course of employment.

**10. Is it advisable in your jurisdiction to include in the definition of "Employment IPRs" the IPR that may not necessarily come into existence whilst the employee is carrying out their regular duties but nonetheless arises during their employment?**

Yes. This is advisable from the employer's perspective.

**11. Is the definition of "Intellectual Property Rights" in [Standard clause, Intellectual property clause \(employment\): International](#) valid in your jurisdiction?**

Yes. In fact, in our jurisdiction it could be widened further by beginning the definition with the words "shall include without limitation".

**12. Do all the rights listed in the definition of "Intellectual Property Rights" in [Standard clause, Intellectual property clause \(employment\): International](#) arise in your jurisdiction?**

Yes.

**13. Is it permissible to include rights that will subsist in the future in the definition of "Intellectual Property Rights"?**

Yes.

**14. Are there any other rights in your jurisdiction that should be included in the definition of "Intellectual Property Rights" in [Standard clause, Intellectual property clause \(employment\): International](#)?**

No. The definition covers the types of rights normally included in India.

### Assignment of IPR

**15. In your jurisdiction, can the IP rights, inventions and materials set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.2](#) be stated to automatically belong to the employer, without any further steps being taken by either party?**

If there is language in the employment contract stating that such IP rights, inventions and materials belong to the employer, alongside an automatic assignment as provided for in [Standard clause, Intellectual property clause \(employment\): International: clause 1.3](#), no further steps will be required except in the following cases:

- In the case of patentable inventions, the Patent Office may require an additional form to be signed by the employee to prove the employer's rights (see Question 2 and Question 4).
- In the case of copyright registrations, the Copyright Office may require the employee to provide a consent letter in favour of the employer.

**16. Can the employer create an effective assignment of the Employment IPR in its terms of employment with its employees as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.3\(a\)](#)?**

Yes.

**17. Is the language used at [Standard clause, Intellectual property clause \(employment\): International: clause 1.3\(a\)](#) sufficient to constitute an assignment from the employee to the employer of all Employment IPRs, present and future? If not, how does this need to be amended in order to be valid and enforceable in your jurisdiction?**

This may require amendments stating that:

- The assignment is perpetual and on a worldwide basis.
- The assigned rights will not revert to the employee should the employer not use such assigned rights.

[Standard clause, Intellectual property clause \(employment\): International: clause 1.3](#) should be amended to read as follows:

"1.3 To the extent that any Employment IPRs do not vest in the Company automatically pursuant to clause 1.2 then, to the fullest extent permitted by law, the Employee agrees and acknowledges that the Employment IPRs shall be deemed to be perpetually assigned to the Company on a worldwide basis without any scope for such rights reverting to the Employee. The aforesaid assigned rights include all Intellectual Property Rights (including such rights which will come into existence in future) created by the Employee during the course of employment which the Company shall be entitled to be exploited through all means and modes of exploitation including \_\_\_\_\_ [Note: Please mention modes/modes of exploitation]"

**18. Is the concept of the employee holding any IP rights, inventions or materials "on trust" for the employer, if they do not automatically vest in the employer as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.3\(b\)](#) recognised in your jurisdiction?**

No.

**19. If holding "on trust" is not recognised in your jurisdiction, is there any equivalent wording or concept that could be used in [Standard clause, Intellectual property clause \(employment\): International: clause 1.3\(b\)](#) to increase the protection available to the employer in respect of the IP rights, inventions and materials that have not automatically vested in the employer and that are yet to be assigned to them?**

Assignment of rights is valid in India. [Standard clause, Intellectual property clause \(employment\): International: clause 1.3\(b\)](#) deeming assignment from the date of commencement of the employment should therefore be sufficient.

### Obligations on employees

**20. Are the obligations on the employee as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.4](#) valid and enforceable in your jurisdiction?**

Yes.

**21. Is the specific confidentiality obligation as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.4\(d\)](#) recommended in your jurisdiction so as to maintain the ability for an invention to be patentable?**

Yes, it is recommended.

## Moral rights

### 22. Does your jurisdiction recognise moral rights? If not, is there an equivalent personal right that accrues in your jurisdiction to the author of a copyright work?

Yes. Moral rights (referred to as author's special rights) are recognised (*section 57, Copyright Act 1957*).

### 23. If the answer to the question above is "yes":

- How are these rights defined?
- What do they comprise?
- If copyright is registrable in your jurisdiction, can these rights be registered or recorded against the copyright work?

There is no definition of moral rights (referred to as author's special rights) under Indian law.

The special rights, subject to certain conditions, entitle the author (independent of the author's copyright ownership, if any, and any assignments to other parties) to:

- Claim authorship of the work.
- Obtain an injunction or claim damages in respect of any distortion, mutilation, modification or other act in relation to the copyright work which is done before the expiration of the term of copyright, if such an act would be prejudicial to the author's honour or reputation.

(*Section 57, Copyright Act 1957*.)

Author's special rights are not registrable or recorded against the copyright work.

### 24. In your jurisdiction, do moral rights (or equivalent) arise automatically upon creation of the copyright work, or must the author assert them in order for them to take effect?

They arise automatically upon creation of a work in which copyright subsists and continue to exist even after

the copyright is assigned, either wholly or in part (*section 57, Copyright Act 1957*). There is no requirement for an author to assert the author's special rights for them to take effect under Indian law.

### 25. Can present moral rights (or the equivalent) be waived in your jurisdiction as set out in **Standard clause, Intellectual property clause (employment): International: clause 1.5?**

Yes, they can be waived.

### 26. Can future moral rights (or the equivalent) be waived in your jurisdiction as set out in **Standard clause, Intellectual property clause (employment): International: clause 1.5?**

Yes, future moral rights can be waived.

### 27. Who can waive moral rights (or the equivalent) in your jurisdiction?

The author of the copyright work can waive moral rights, as only the author has special rights (see Question 22 and Question 23).

### 28. In your jurisdiction, if the copyright owner can waive moral rights (or the equivalent), do they need to:

- Obtain the author's consent, or
- Give the author prior notice, before doing so?

Only authors can waive moral rights, not owners (unless the owner is also the author). Consent and prior notice therefore do not apply.

### 29. Can moral rights (or the equivalent) be licensed or assigned in your jurisdiction?

No.

**30. If moral rights (or the equivalent in your jurisdiction) can be licensed or assigned:**

- Is the author the only party entitled to license or assign them or (if not the same person) is the copyright owner also entitled to?
- If the copyright owner is also entitled, do they need to obtain the author's consent, or give them prior notice, before granting the licence or making the assignment?
- Are any terms or conditions typically placed upon the third party receiving the benefit of any such licence or assignment?

Not applicable (see Question 29).

### Compensation

**31. In your jurisdiction, is the employee entitled to any compensation from the employer if the employer registers or exploits (by licensing or assigning to third parties, or granting security over) any IP that has been created by the employee during their employment?**

This is a purely contractual matter, and there are no statutory regulations for this entitlement.

**32. If so, what and how much compensation is the employee entitled to in your jurisdiction?**

Not applicable.

**33. In your jurisdiction, can a clause such as [Standard clause, Intellectual property clause \(employment\): International: clause 1.6](#) be included in the terms of employment to establish that no compensation other than that contained in the agreement will be payable to the employee in respect of any IP rights?**

Yes, a clause such as this can be included.

### Further assurance

**34. Is the undertaking given in [Standard clause, Intellectual property clause \(employment\): International: clause 1.7](#) valid and enforceable in your jurisdiction, that is, an undertaking to execute all documents and do anything to assist in vesting the IP rights in the employer?**

Yes, it is enforceable.

**35. Is it permissible in your jurisdiction for future assignments to be included in such an undertaking as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.7](#)?**

Yes.

**36. Is it usual in your jurisdiction for the employer to agree to reimburse the employee for expenses incurred in complying with this undertaking as set out in [Standard clause, Intellectual property clause \(employment\): International: clause 1.7](#)?**

Yes. Even without mentioning this clause, it is usual practice for an employment contract to state that:

"The Employee shall be entitled to reimbursement of expenses incurred on behalf of the Company."

From the employer's perspective, a more specific clause regarding reimbursement of such expenses in particular would perhaps be less helpful, as it might be difficult to separate out whether expenses were reimbursed specifically for assignment.

For example, if the employee travels to the IP office to complete the assignment formalities, the reimbursement voucher may merely state that the claim for expenses is towards conveyance/travel without any reference to assignment formalities. In this case, the employee could claim that there was a breach of the specific reimbursement provision.



By contrast, having a more general clause may allow the employer to argue that all expenses have been reimbursed and that it was the duty of the employee to claim them.

**37. Is the term “best endeavours” as set out in Standard clause, Intellectual property clause (employment): International: clause 1.7 understood in your jurisdiction? If not, is there an alternative or equivalent concept?**

Yes, it is.

### Assistance with infringement claims

**38. Is Standard clause, Intellectual property clause (employment): International: clause 1.8 permitted and commonly included in terms of employment with employees in your jurisdiction to try to ensure that the employee gives valuable witness evidence as required by the employer in any IP litigation that arises around the world, even after their employment with the employer has come to an end?**

Although these clauses are commonly included, expecting the employees to assist after termination of their employment may not always work from a practical perspective.

**39. What are the main defences to copyright and design right infringement claims in your jurisdiction?**

### Copyright

The main defences to copyright claims in India are that:

- The claimant is not the owner of the work and has not proved its ownership, or is not entitled to sue.
- The work is independently developed and is original.
- The act falls within the fair use provisions of the Indian law (*section 52, Copyright Act 1957*).

- The claimant’s work does not meet the thresholds of originality for enforcing rights, or that no copyright subsists in the claimed work.
- The copyright in design (if any), which is capable of being registered under the Designs Act (but which has not been registered), has ceased due to the fact that the article to which the design has been applied has been reproduced more than 50 times by an industrial process by the owner of copyright (*section 15(2), Copyright Act 1957*).
- The infringement is innocent and accordingly no damages can be pressed against the defendant.
- The claim is defeated due to delay, acquiescence or expiry of the limitation period.

### Designs

The main defences to design right claims in India are that:

- The design is not registered, so no claim can be brought for infringement.
- The design registration is invalid since it is not a registrable design, or that the design is neither new nor original.
- The claim is defeated due to acquiescence or laches.

**40. Is the defence that the allegedly infringing work was independently created, and that it is a mere coincidence that it resembles closely the claimant’s copyright work or design, available in your jurisdiction (see Standard clause, Intellectual property clause (employment): International: clause 1.8)?**

This is possible under copyright law but may not be possible under designs law.

It is essential that the work must not be copied from another work but should originate from the author.

Copyright law recognises originality in a work which may resemble the claimant’s copyright work without copying.

**41. In practice, how difficult would Standard clause, Intellectual property clause (employment): International: clause 1.8 be to enforce in your jurisdiction?**

Though the clause may be incorporated into the terms of employment with relative ease, expectations from the employee to assist the employer on all aspects may be difficult to enforce post-termination of employment.

Generally, acknowledgement of IP ownership and the related confidentiality provisions of the employment contract can be enforced post-termination, but it may be difficult to enforce an obligation on the employee to assist the employer post-termination in cases relating to third parties, since the employee could be based elsewhere and unable to travel, for example.

### Powers of attorney

**42. Can the employee appoint their employer as their attorney in Standard clause, Intellectual property clause (employment): International for the purpose of executing any documents that might be required in relation to the IPR under this clause?**

Individuals could be appointed (such as a representative of the employer), but the appointment of a corporate entity may be difficult. Section 1A of the Powers of Attorney Act 1882 permits a “specified person” to act on behalf of the person granting such authority.

A corporate entity may not qualify as a “specified person” unless the language uses “the corporate entity represented by [name of individual representing the corporate entity]”.

**43. Are there any formalities that must be adhered to in relation to the creation or execution of such a power of attorney to ensure that it is valid and enforceable in your jurisdiction?**

When creating a power of attorney, practitioners should specify the purpose clearly; merely stating “to handle legal matters” without the type of legal matters is not recommended.

A general power of attorney is permissible if it at least specifies some broad subject matter rather than stating “all legal matters”; we would recommend language such as “all legal matters under [a particular Act]”.

There are no other specific formalities in relation to its creation.

When executed, the power of attorney must be notarised. Powers of attorney attract stamp duty in India.

### Execution and other formalities

**44. Do the terms of employment/ contract into which Standard clause, Intellectual property clause (employment): International is inserted need to be executed in any particular manner in order for the assignment set out in this standard clause to be valid and enforceable in your jurisdiction?**

From an IP perspective, the only requirement is the signature of the agreement in which the clause is contained.

In relation to copyright, section 19 of the Copyright Act requires that the assignment be in writing.

In relation to patents, a patent is a creation of statute and is a registered right. Therefore, unless the assignment is in writing and signed, the right cannot be recorded.

Theoretically, stamp duty should be paid on employment contracts (Indian Stamp Act; Stamp Acts of various Indian states); however, this requirement is not followed in practice (generally, employment contracts are in the form of offer letters which are simply accepted without giving the status of agreements. This loophole could be used to avoid the need for stamp duty, but it is not recommended; if any objection were raised by an employee on this ground in a dispute, the agreement might face enforceability issues).

**45. If Standard clause, Intellectual property clause (employment): International is included in the employee’s terms of employment/ contract in your jurisdiction, are there any other specific execution or registration formalities or other requirements that would be necessary for this clause to be valid and enforceable?**



The only additional steps which may be required are:

- In the case of patentable inventions, the Patent Office may require an additional form to be signed by the employee to prove the employer's rights.
- In the case of copyright registrations, the Copyright Office may require the employee to provide a consent letter in favour of the employer.

(See Question 15.)

### General

**46. Are any of the clauses set out in Standard clause, Standard clause, Intellectual property clause (employment): International not legally valid and enforceable or not standard practice in your jurisdiction?**

See Question 9, Question 40 and Question 42.

**47. Are there any other IP clauses that would be usual to see in such standard IP clauses and/or that are standard practice to include in your jurisdiction?**

See Question 11 and Question 17.

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