

Intellectual Property: Legal Provisions and Legal Cases in Nepal

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Abstract

Strengthening the legal protection of intellectual property (IP) is a major concern for entrepreneurs, inventors, and intellectual communities. It is accountable to the nation to protect its indigenous technology by strengthening its legal footing. Nepal, being a member of the World Trade Organization, is bound to develop a legal framework for the protection of intellectual property. Hence, the country has updated the laws related to IP within the Constitution, Acts, and Rules. There are an increasing number of legal conflicts arising regarding intellectual property in the courts of Nepal. The paper deals with the decisions forwarded on IP-related cases by the Supreme Court of Nepal. In the context of Nepal, an issue or complaint related to IP is initially filed at the Department of Industry as per the prevailing legal provisions relevant to IP. If the settlement is not confined to the department, then the case is forwarded to the District Court. The district-level court settled most IP-related legal cases in Nepal. Further, if the district-level court does not settle the case, it is then appealed to the High Court (then the Appellate Court). Few IP-related legal cases have reached the jurisdiction of Nepal's Supreme Court, where they have been quashed on appeal, upheld lower-level court judgments, or even upheld or defended the decision of the Department of Industry or the Copyright Registrar's Office. Nevertheless, given the dynamic nature of the business environment, the court of law should also go for *amicus curiae* for a better understanding of the crimes and to give a proper judgment on IP-related cases. At the same time, the government of Nepal needs to enact the necessary acts to show a commitment to the promise made in an international arena like the World Trade Organization.

Keywords: intellectual property, legal provisions, legal cases, Nepal

1. Background

Nepal enacted the law related to intellectual property (IP) way back in 1936 in the name of the Patent, Design, and Trademark Act. This shows the nation's concern over an IPual property (IP) way back in 1936 in the name of the Patent, Design, and Trademark Act. This

shows the nation's concern over an IP. Activities related to infringements were a concern for the government; hence, as per the prevailing business environment, the relevant act was needed for enactment. But after more than a half-century, the legislature of Nepal found a need for a separate Copyright Act, 2002. In this context, Pradhan (2000) conducted a brief study

on the status of the copyright regime in Nepal and discussed the historical growth of the Copyright Act in the context of Nepal. The paper then linked the Nepalese perspective of the copyright regime to the perspective of the Berne Convention, 1886.¹

A turning point came in the legal protection of IP when Nepal became the 147th member of the World Trade Organization (WTO) on April 23, 2004. Karky (2003) discussed Nepal's position in the context of trademark legal protection after its accession to the WTO, where the paper elaborated on the growth and perception of trademark legal provisions in Nepal. The paper also discussed opportunities and challenges in the protection of trademarks as per the Nepalese legal system and as per the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement after Nepal got WTO membership. Though Nepal has committed to the enactment of the Industrial Property (Protection) Act and Plant Variety Protection Act, the government has only drafted the bills.

The issue of IP is a concern for both highly developed and industrialized nations. The issues related to infringement arose in Japan. Yamamoto (2013) had put forward the benchmark decisions of the Supreme Court of Japan related to copyright issues and concluded that the Japanese copyright law had not permitted an injunction against infringement of copyright. Hence, an incomplete remedy against indirect infringement of copyright had not resulted in serious inconvenience until digital technology enabled individuals to instantly make duplicate copies of works. Thus, the issues were whether inducement or assistance in the lawful reproduction of works is always lawful or should be considered illegal in the eyes of the law.

Szakács (2019) discussed the major legal provisions related to the protection of trade secrets in Hungary and pointed out that trade secrets were legally defined as the 'economic value' of the information rather than the 'commercial value' of the trade secrets. In relation to China, Jiang (2019) stated that after the Chinese government established tribunals for IP-related cases, namely the Specialized IP Court, in 2014, foreign governments and private companies expressed concerns about the judicial protection of IP-related cases. Nevertheless, the Chinese specialized IP tribunals had been settling a bulk of cases every year, although the

size of settlements for the foreign parties-related cases was quite small. However, the study found that the average damages granted for the foreign parties were higher than for the domestic IP holders, and the trials were also seen on the fast track for foreign IP-related cases.

Paudel (2014) discussed the role of the Nepalese court for the protection and promotion of copyright and put forward fifteen cases related to copyright that came before the court of law. The researcher concluded that most copyright-related cases in Nepal arrived at the court with minor procedural lapses, or the court had shown a liberal attitude toward the defendants, or disputes were settled for minimal compensation. Hence, the paper found no uniformity in the delivery of the judgments related to the cases of copyright in Nepal.

Upreti (2013) gave an insight into the status of overall intellectual property rights in Nepal. The researcher primarily discussed the status of copyright legislation and lapses in Nepal, specifically the rights guaranteed by the copyright act and its implementation in Nepal. The researcher further discussed the importance of coordination between the copyright laws of India and Nepal due to the proximity of trade between the two nations. Upreti (2019) brought out the importance of the protection of foreign brands in Nepal. Researcher discovered that the first-to-file system trend has pushed local businesses to register well-known foreign marks in Nepal and discussed the benchmark cases related to intellectual property that were decided by the Supreme Court of Nepal. The paper also discussed the Supreme Court of Nepal's judgments on the use of trademarks, as well as the definition of unfair competition under intellectual property in the context of Nepalese prevailing law and acts.

Food sovereignty and intellectual property are not necessarily mutually exclusive notions, according to Jefferson and Adhikari (2019). Instead, advocates for food sovereignty and policymakers are reinventing intellectual property to go beyond a concentration on exclusive ownership and use it in creative ways. Researchers examined two nations' legal systems and performed in-depth research in Nepal and Ecuador before coming to the conclusion that both governments could maintain and encourage food sovereignty and safeguard plant varieties as intellectual property. The study advised taking into account seed

certification and commercialization, access and utilization of native genetic resources, and intellectual property for plant types. This demonstrates the significance of strong legal protection for indigenous goods and traditional knowledge in Nepal, a country rich in natural diversity and rich in traditional knowledge and culture.

2. Literature Review

2.1 Intellectual Property

Intellectual Property (IP) is the genuine creation of human mind. It refers to creation of mind, inventions, literary, artistic works, symbols, names image and designs. The Stockholm Act (Convention), 1967 established the World Intellectual Property Organization (WIPO) consisting of a total of twenty-one contract parties signed on July 14. Article 2 (viii) of the Convention stated that intellectual property includes the right related to:

- Literary, artistic, and scientific works,
- Performance of performing artists, phonograms, and broadcasts,
- Inventions in all fields of human endeavor,
- Scientific discoveries,
- Industrial designs,
- Trademarks, service marks and commercial names,
- Protection against unfair competition and
- All other rights resulting from intellectual activity in the industrial, scientific, literacy, or artistic fields (Harms, 2018).

Intellectual property law aims at defending authors and other producers of intellectual products and services by allowing them certain time-limited rights to restrict the use made of their productions. Those rights do not apply to the physical thing in which the creativity may be embodied but instead to the intellectual creation as such. Industrial property and copyright are the two traditional divisions of intellectual property (Malik et al., 2009).

Intellectual Property (IP) refers to the creation of mind: inventions; literary and artistic works; and symbols, names, and images used in commerce. IP is divided into two categories: Intellectual Property and Copyright. Intellectual Property includes patents for inventions, trademarks, industrial designs, and geographical indications.

Copyright covers literary works (such as novels, poems, and plays), films, music, artistic works (e.g., drawings, paintings, photographs, and sculptures), and architectural design. The rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs (WIPO, 2008).

2.2 Fields of Intellectual Property (IP)

2.2.1 Patents

A patent is a document, issued upon application by a government office (or a regional office acting for several countries), that describes an invention and creates a legal situation in which the patented invention can normally only be exploited (manufactured, used, sold, or imported) with the authorization of the owner of the patent. Invention means a solution to a specific problem in the field of technology. An invention may relate to a product or a process. The protection conferred by the patent is limited in time (generally 20 years) (WIPO, 2008).

A patent is a grant of a property right by the government to an inventor. Patents are exclusive property rights that can be sold, transferred, willed, licensed, or used as collateral, much like other valuable assets. In fact, most independent inventors do not commercialize their inventions or create new products from their ideas. Instead, they sell or license their patents to others who have the resources to develop products and commercial markets (Holt, 2006).

2.2.2 Trademarks (TM)

Trademarks already existed in the ancient world. Even at times when people either prepared what they needed themselves or, more usually, acquired it from local craftsmen, there were already creative entrepreneurs who marketed their goods beyond their localities and sometimes over considerable distances. About 3,000 years ago, Indian craftsmen used to engrave their signatures on their artistic creations before sending them to Iran. Manufacturers from China sold goods bearing their marks in the Mediterranean area over 2,000 years ago, and at one time about a thousand different Roman pottery marks were in use, including the FORTIS brand, which became so famous that it was copied and counterfeited. With the flourishing trade of the Middle Ages, the use of signs to distinguish the goods of merchants and manufacturers likewise

expanded several hundred years ago. Their economic importance was still limited, however.

A trademark is any sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors. This definition comprises two aspects, which are sometimes referred to as the different functions of the trademark, but which are, however, interdependent and, for all practical purposes, should always be looked at together (WIPO, 2004).

The power of words and symbols is recognized as a commercially important asset for establishing brand image and market loyalty among customers. A unique logo, design, title, name, insignia, or combination of words and symbols can be trademarked (Holt, 2006).

2.2.3 Industrial Design and Integrated Circuits

Industrial design, in a lay or general sense, refers to the creative activity of achieving a formal or ornamental appearance for mass-produced items that, within the available cost constraints, satisfies both the need for the item to appeal visually to potential consumers and the need for the item to perform its intended function efficiently. In a legal sense, industrial design refers to the right granted in many countries, pursuant to a registration system, to protect the original ornamental and non-functional features of an industrial article or product that result from design activity (WIPO, 2004).

Industrial design consists of two-dimensional features, such as the shape or surface of an article, or three-dimensional features, such as patterns, lines, or color. They are applied to a wide variety of industrial products and handicrafts: from housewares and electrical appliances to vehicles and architectural structures; from textile design to leisure goods (Bader & Stummeyer, 2019).

Another field in the protection of intellectual property is that of the layout designs (topographies) of integrated circuits. The layout designs of integrated circuits are creations of the human mind. They are usually the result of an enormous investment, both in terms of the time of highly qualified experts and financially. There is a continuing need for the creation of new layout designs that reduce the dimensions of existing integrated circuits while simultaneously increasing their functions. The smaller an integrated circuit, the less material is required

for its production and the less space required to house it. Integrated circuits are utilized in a large range of products, including articles of everyday use such as watches, television sets, washing machines, automobiles, etc., as well as sophisticated data processing equipment (WIPO, 2020).

2.2.4 Geographical Indications

The Paris Convention for the Protection of Industrial Property does not contain the notion of geographical indication. Article 1 paragraph (2) of the Convention defines as subjects of industrial property, *inter alia*, indications of source and appellations of origin. This is the terminology traditionally applied and still officially used in the conventions and agreements administered by WIPO. According to this terminology, the following distinction is made between indications of source and appellations of origin: "Indication of source" means any expression or sign used to indicate that a product or service originates in a country, a region, or a specific place, whereas 'appellation of origin' means the geographical name of a country, region, or specific place that serves to designate a product originating therein, the characteristic qualities of which are due exclusively or essentially to the geographical environment, including natural or human factors or both natural and human factors. The term 'geographical indication' has been chosen by WIPO to describe the subject matter of a new treaty for the international protection of names and symbols that indicate a certain geographical origin of a given product (WIPO, 2008).

2.2.5 Copyright

Copyright is concerned with the rights of intellectual creators in their works. Most works, for example, books, paintings, or drawings, exist only once they are embodied in a physical object. But some of them exist without embodiment in a physical object. For example, music or poetry are works even if they are not, or even before they are, written down in musical notation or words (WIPO, 2008).

Copyrights are like patents in establishing ownership and protection for creative endeavors, but they pertain to intellectual property. A copyright extends protection to authors, composers, and artists and is related to the form of expression rather than the subject matter (Holt, 2006).

2.2.6 Trade Secrets

Although the Paris Convention does not mention trade secrets as such, Article 10bis on unfair competition requires protection against any act of competition contrary to honest practices in industrial or commercial matters; the need for protection against wrongful disclosure of “undisclosed information” (another term for trade secrets) is generally recognized (WIPO, 2008).

Trade secrets are proprietary information used during business to gain an advantage in manufacture or commercialization of products or services. Trade secrets can be formulas, patterns, list of customers, databases, chemical compounds, or combinations of ingredients for commercial products, processes of manufacturing, or compiled information that has a specified business application (Holt, 2006).

2.2.7 Traditional Knowledge (TK)

Traditional knowledge (TK) is a living body of knowledge passed on from generation to generation within a community. It often forms part of a person’s cultural and spiritual identity. TK also addresses traditional cultural expressions (TCE) and genetic resources (GRs).

Traditional cultural expressions (TCEs), also called ‘expressions of folklore’, may include music, dance, art, designs, names, signs, and symbols; performances; ceremonies; architectural forms; handicrafts; narratives; or many other artistic or cultural expressions (WIPO, 2020).

2.2.8 Protection Against Unfair Competition

Protection against unfair competition has been recognized as forming part of industrial property protection for almost a century. It was in 1900, at the Brussels Diplomatic Conference for the Revision of the Paris Convention for the Protection of Industrial Property, 1883, that this recognition was first manifested by the insertion of Article 10bis in the Convention (WIPO, 2008).

3. Legal Framework for Intellectual Property in Nepal

3.1 The Constitution of Nepal, 2015

The Constitution of Nepal, 2015 enacted on September 20, 2015, for the first time included intellectual property within the fundamental right chapter of the Constitution.

Under Right relating to property², it has mentioned:

Every citizen shall, subject to law, have the right to

acquire, own, sell, dispose, acquire business profits from, and otherwise deal with, property.

Explanation: For this Article, “property” means any form of property including movable and immovable property and includes an intellectual property right.

Similarly, the provision to deal with Intellectual property (including patents, designs, trademarks, and copyrights) has been kept under the Federal Government³.

The Constitution of Nepal, 2015 has also made a provision to protect the traditional knowledge as well under Part 4: Directive Principles, Policies and Obligation of the State. Under the Constitution⁴ has mentioned the Policies relating to Social Justice and Inclusion. Here, it has been elaborated as follow for the right on traditional knowledge (TK):

To make the indigenous nationalities participate in decisions concerning that community by making special provisions for opportunities and benefits to ensure the right of these nationalities to live with dignity, along with their identity, and protect and promote traditional knowledge, skill, culture, social tradition and experience of the indigenous nationalities and local communities.

3.2 The National Civil (Code) Act, 2017

As for the changing society of Nepal, the new National Civil (Code) Act, 2017 was enacted on October 16, 2017. The Part-4, Law relating to Property, Chapter 1, and General Provision Relating to Property⁵ mentioned intellectual property as a property deemed to be movable. Similarly, Sec. 256 (e) mentioned intellectual property as a property deemed to be private property.

3.3 Patent, Design and Trademark Act, 1965

The first Patent, Design and Trademark Act in Nepal was enacted in 1936 under the regime of Rana Prime Minister Juddha Shumsher Jung Bahadur Rana with the provisions to compensate an infringing person up to NPR 200 or 6 (six) months jailed alongside confiscation of all the articles connected to infringement⁶. After enactment of this Act, one of the merchants from Indrachowk, Kathmandu registered a trademark in 1937 for his mustard oil products, and that was the first trademark registered in the history of Nepal. Several foreign marks also registered under this Act and some of these trademarks still existed. The Patent, Design and Trademark Act, 1965 was enacted on August 30, 1965. The Act of 1965 repealed the earlier Act enacted in

1936. The Act was amended on October 18, 1987.⁷

The Act has five (5) chapters covering twenty-eight (28) sections with three schedules replacing previous ten (10) schedules after an amendment on November 24, 2006. The term 'Patent', 'Design' and 'Trademark' has been defined in the Act.⁸

3.4 Black Marketing and Some Other Social Offenses and Punishment Act, 1975

An act was enacted on September 5, 1975 to prevent especially black marketing in Nepal. An act connects an issue of intellectual property through Sec. 6, where it prevents sellers to sell goods by misrepresentation. Similarly, the act has prohibited counterfeiting of goods through provisions made in its annex.⁹

3.5 Copyright Act, 2002

Nepal introduced copyright law in The Copyright Act, 2002 was enacted on August 15, 2002. It repealed the earlier Copyright Act, 1965 which came into force on April 4, 1966. Even before 1966, the provision of copyright law was made under County Code of 1853, during seventh amendment in the year 1935. The Country Code was enacted in December 20, 1853. The Copyright Act, 2002 has seven (7) chapters and forty-three (43) sections. The Act has defined essential terminology related to copyright.¹⁰ The Act has covered ten (10) different areas that could be covered as an intellectual property. Sec. 2 of the Act clearly enlisted all the ten areas which are copyright-able in Nepal. The act protects any work of original and intellectual creation in a literacy, scientific or artistic domain¹¹.

3.6 Copyright Rules, 2004

The Copyright Rules, 2004 was enacted on August 2, 2004, with the power conferred by Copyright Act.¹² These Rules repealed the earlier rules, the Copyright Rules, 1989 which was enacted on December 4, 1989. The Copyright Rules, 2004 has seventeen (17) sub-rules. This Rules mainly deal with the registration procedures of the copyright in Nepal and the functioning of the governing bodies related to copyright.

3.7 Competition Promotion and Market Protection Act, 2007

The Act was enacted on August 26, 2007, with six (6) chapters including thirty-nine (39) sections. The Act has made provisions to protect

intellectual property and to prevent abuse of intellectual property, respectively.¹³

3.8 Consumer Protection Act, 2018

The Act was enacted on September 18, 2018 covering eleven (11) chapters with sixty-seven (67) sections. Under Sec. 2(r), the act defined the term, 'defective product'¹⁴ where the act referred the product different, pirated or imitated from the product with proper intellectual property right with the manufacturer.

3.9 Custom Act, 2007

The Chapter-14 related to Miscellaneous, Sec. 68 (1), Sec. 68(2) and Sec. 68(3) have made provisions to withhold the goods intended to be exported or imported in violation of intellectual property rights. The custom office could forfeit such goods from the point of customs.

3.10 Foreign Investment and Technology Transfer Act, 2019

The new Foreign Investment and Technology Transfer Act, 2019 has been enacted on March 27, 2019, replacing the Act of 1992. The patent, design, trademark, goodwill, technological specificity, formula, and process have been defined as a part of technology transfer.¹⁵ The provision of compulsory licensing of intellectual property as thereof specified in any agreement made under the World Trade Organization has been made compulsion.¹⁶

3.11 Export and Import (Control) Act, 1957

The Act was enacted on January 25, 1957. The Act was amended by An Act Made to Amend Some Nepal Acts relating to Export and Import and Intellectual Property, 2006 on November 24, 2006. The Act after the amendment covered the provision related to intellectual property under the power of Government of Nepal to prohibit or control export and import.¹⁷ The Act¹⁸ has clarified regarding the major aspects of intellectual property. The Act has mentioned the power of the Government, "to protect intellectual property rights such as patents, trademarks, copyrights, industrial design, geographical indications and protection of undisclosed information."

The term, 'geographical indications' has been included in this Sec.3(o)¹⁹ of the Act only, but better elaboration is not seen on any of the intellectual property related acts of Nepal. The Act is covered with eight (8) sections covering the authorities of the Government to handle the

issues related to export-import (EXIM).

3.12 Seed Act, 1988

The act was enacted on October 26, 1988 with the objective to maintain high-quality standard of the production of the local seeds. Nevertheless, the act played a vital role to maintain intellectual property right indirectly to the locally germinated seeds of Nepal. The act has a power to notify the kinds or variety of the seeds in Sec. 11²⁰. The Sec. 11 defined the seeds as a notified seeds which were prescribed with a minimum level of germination and purity.²¹

4. Landmark Decisions on Intellectual Property from the Supreme Court of Nepal

The judgments made by the Supreme Court of Nepal regarding an IP cases have been discussed below:

4.1 Upadhaya V. DSP Office for His Majesty of Government/Nepal

The defendant, Ram Prasad Upadhaya, was accused of selling a booklet of an interview of Bishweshwar Prasad Koirala (B.P. Koirala) at the rate of Re.1, which was taken by Kedarnath Shrestha of Kalpana Prakashan, hiding in a tri-monthly magazine, Kalpana by the defendant. The division bench of the Supreme Court declared punishment under the then Press and Publication Act, 1962, Sec.27 considered the issue of infringement. Similarly, the decision made by the then Chief District Officer of Bagmati District Office stated not relevant to the case as per the then Press and Publication Act, 1962, Sec. 10.

4.2 Gupta Ex Rel. Kalika Soap Industry V. Department of Industry with Bijaya Soap Industries Pvt. Ltd.

Bijaya Soap Industries Pvt. Ltd. operating at Pokhara Industrial Estate requested the dismissal of the 'MK' trademark registration that was in the registration process from the side of Sureshchandra Gupta. But the division bench of the Supreme Court gave the judgment in favor of Gupta to register the trademark 'MK' as it differently varied as produced by the Gupta's industry (defendant), Kalika Soap Industry operating at Rupandehi, with the soap production in trademark of 'OK'.

4.3 Dhanawat Ex Rel. Dhanawat Beedi Factory V. Bohora Ex Rel. Shiva Beedi Factory

A plaintiff, Ratanlal Dhanawat, an owner of Dhanawat Beedi Factory filed a case against

Swaminanda Kishor Bohora, an owner of Shiva Beedi Factory for the right to the trademark of *beedi* (a local cigarette). The conflict was for the right on the trademark of *beedi*, 'Ganesh Beedi'. The division bench of the Supreme Court gave a verdict in favor of Bohora, as all the documents presented at different levels of existing government administration showed that the trademark right had been legally hand-over to Bohara in the course of a sale of the industry at different periods and quashed all the decisions of Department of Industry stating that the department had failed to refer the prevailing law while making decisions.

4.4 Ashok Steel Industries Pvt. Ltd. V. Department of Industry, His Majesty of Government/Nepal

Ashok Steel Industries Pvt. Ltd., a plaintiff asked for a copy of its registered patent from the Department of Industry. In response, the department did not oblige to provide a copy of the patent right, as asked by the industry, neither the company published the notice, regarding the registration of the patent in the Nepal Gazette. Hence, the company requested the Court the order the department to provide information regarding their patent registration. Therefore, the joint bench of the Supreme Court gave a verdict in favor of Ashok Steel Industries Pvt. Ltd. and asked the department to provide information as soon as possible.

4.5 Kissan Dhanwant Ex Rel. Mayur Food Industries V. Kwaliti Biscuits Industries Et Al.

The Department of Industry registered 'Tasty-Tasty' in the name of Kwaliti Biscuits Industries, granting exclusive rights. While the Department of Industry (DoI) refused to register 'Tasty' as a trademark in the name of the petitioner, Kissan Dhanwant, ex rel. Mayur Food Industries, the petitioner contended that the word 'tasty' is of a descriptive nature and could not be condemned on such words. In this context, the Supreme Court stated that the registration of the respective trademark is not against Sec. 18(1) of the Patent, Design, and Trademark Act, 1965, and could be recognized as a trademark.

4.6 Kiran Shoes Manufacturers V. Department of Industry, Government of Nepal

A plaintiff had asked to drop the registration of the trademark because of the similarity of the name. The trademarks, 'Gold Star', 'Super Star', and 'Seven Star' had been already registered and, with the same phonetically pronounced names,

'Good Star', 'Gold Super' and 'Eleven Star' were processed at the Department of Industry for registration by Basnet Footwear. Hence, the full bench of the Supreme Court directed the Department of Industry to drop the registration process of the trademarks of Basnet Footwear, as it directly violated the prevailing provisions of the Patent, Design and Trademark Act, 1965 in context of being phonetically and visually similar to the marks already registered with the government agency.

4.7 *Khadka with Government of Nepal V. Dawadi*

Yadav Dawadi was found guilty of making a copy of the compact disc (CD) of Nepali movies when the local police conducted the search in his Audio-Video Center located at Mechi Municipality, Jhapa. In this case, the Appellate Court (now High Court), Ilam held that the appeal registered was beyond the time limit as prescribed by the law. Thus, the appeal was rejected as per Sec. 11 (a) of the Summary Procedure Act, 1972, and No. 180 of Court Management of Country Code. The appeal of the plaintiff, before the Supreme Court, was like repealed by the Appellate Court, without entering the fact in an issue of the case. So, the judgment should be overturned. In this case, the joint bench of the Supreme Court held that where the intention of the legislature is expressed clearly, it is not appropriate to interpret it adversely. The Supreme Court as well did not enter the fact and quashed the appeal.

4.8 *Mount Everest Brewery Pvt. Ltd. V. Department of Industry, Government of Nepal*

A plaintiff, Mount Everest Brewery Pvt. Ltd. had asked for the right to the used bottle of two brands of beer, namely, 'San Miguel' and 'Golden Tiger' from another industry, United Brewery, bottling a beer in the brand name of Kalyani Black Label. Hence, the plaintiff made a complaint at the Department of Industry regarding the reuse of the brand name engraved bottles by another industry which was misleading the customers. Hence, the joint bench of the Supreme Court directed the Department of Industry to act against an industry that was violating the Patent, Design and Trademark Act of Nepal and considered the right on the engraved bottle to Mount Everest Brewery Pvt. Ltd.

4.9 *Sumi Distillery Pvt. Ltd. V. Guinness United Distillers & Vintners Amsterdam BV (Now Diageo*

Brands BV)

Guinness United Distillers & Vintners Amsterdam BV put forward an argument that the Sumi Distillery Pvt. Ltd. had used the trademark 'CORDON' like the product of it is with the trademark 'GORDON'S'. The joint bench of the Supreme Court decided that the Department of Industry had put no objection while registering the trademark 'CORDON', and the defendant had not interfered in an image of the Guinness United Distillers & Vintners Amsterdam BV. They had used the catchy word only and had not violated the international treaty of copyright or copied any formula of the plaintiff. Hence, the decision of Patan Appellate Court (now Patan High Court) to send back for re-examination on providing the right on the trademark to Sumi Distillery Pvt. Ltd. was not seen as applicable. The Supreme Court decision further recalled the public duty of the State to register patent, design and trademark.

4.10 *Lamsal Ex Rel. New Business Pvt. Ltd. V. Roxana Publication Pvt. Ltd.*

The issue was on the use of the name 'NEW BUSINESS AGE' for the magazine published by the publication house of Lamsal. Roxana Publication Pvt. Ltd. had been publishing its magazine in the name of 'BUSINESS AGE', which it claimed, that, the name or, trademark 'NEW BUSINESS AGE' used by the publication house of the plaintiff had copied, was being used by the Roxana Publication Pvt. Ltd. The joint bench of the Supreme Court argued that the sections of the Press and Publication Act, 1991 does not apply to the issue related to the use of the trademark; hence, the decision made from the Patan Appellate Court (now Patan High Court), on behalf of the defendant, was upheld.

4.11 *Shah Et Al. V. Inland Revenue Department, Government of Nepal*

The Supreme Court of Nepal made a judgment stating that the software or 'source code' of the billing system should be considered intellectual property (IP) and should give a right to a developer, Shah et al. as per the Constitution of Nepal, as well as per the provision of the Patent, Design and Trademark Act, 1965. The Supreme Court of Nepal further stated that the plaintiff had a right to the software and source code of the billing system as per Sec. 44, Sec. 45, Sec. 46, and Sec. 48 of the Electronic Transaction Act, 2008. The Court further argued that with the

right of Sec. 14(5) and Sec. 16 (a2) of the Electronic Transaction Act, 2008, Procedure Related to Computerized Invoicing, 2015, was enforced by Inland Revenue Department, in which a legal provision of privacy of the software and source code should be maintained by the Department has been mentioned under No. 3(e) and No. 4(c) of Annex 1 of the Procedure Related to Computerized Invoicing, 2015. Hence, the joint bench of the Supreme Court forwarded the judgment that the Inland Revenue Department should take confidence from the software developer as well as from the taxpayer before seizing the hardware and software for legal procedures to maintain the property right guaranteed by the Constitution of Nepal, 2015²² and Procedure Related to Computerized Invoicing, 2015.

4.12 Wizard Fragrance Company V. Kedai

Kedai, a plaintiff put an argument that after the sale of his company to Wizard Fragrance Company, the company might not have a right to use a trademark that a plaintiff had been using. A plaintiff argued that the handover of the trademark had not taken place, in the due course, of the sale of his company to Wizard Fragrance Company. Nevertheless, the full bench of the Supreme Court gave a verdict in favor of the defendant to use the trademark, as earlier decided by the Director-General of the Department of Industry to be applicable, that is, the right to use the trademark by Wizard Fragrance Company, stating that not only physical assets but, intangible assets were also to be handover to the buyer.

4.13 Nebico Pvt. Ltd. V. Pashupati Biscuits Industries Pvt. Ltd.

Pashupati Biscuits Industries Pvt. Ltd. claimed the trademark of 'High Energy Biscuit' that was applied for the registration by Nebico Pvt. Ltd. Though, the plaintiff registered the trademark as 'Pashupati High Energy Biscuits' earlier for its high energy biscuit. Nebico Pvt. Ltd. went for the registration of the trademark, 'Nebico High Energy Biscuits' for its biscuit. In this case, the joint bench of the Supreme Court of Nepal stated that the term 'High Energy' is seen used based on the ingredients directed by the World Food Program (WFP) and not developed by the plaintiff, Pashupati Biscuits Industries Pvt. Ltd. The court had also put the right to the Department of Industry to make the final decision to which the right on the trademark

should be provided as per its jurisdiction.

4.14 Sun Fittings Pvt. Ltd. With Department of Industry, Government of Nepal V. Saroj Kumar Dahal Ex Rel. Sandeep Industries

The case was on the claim on the trademark, 'SUN' by Sandeep Industries, Netaji Subash Road, Near K.M.V. Jalandhar-1440 004, Punjab, India as well as by Sun Fittings Pvt. Ltd., Butwal-12, Nepal at Department of Industry, GoN. The joint bench of the Supreme Court of Nepal, in its decision, stated that the then Appellate Court, Patan had not looked for sufficient evidence, especially documents related to 'Home Registration' and 'Representation' from the Sandeep Industries in due process of providing judgment. The court further added that Sandeep Industries had already registered the trademark, 'SUN' as per Sec. 21(b) and Sec. 21(c) of Patent, Design, and Trademark Act, 1965 in Nepal, hence, Nepal is accountable to protect intellectual property right as per the Paris Convention for the Protection of Industrial Property, 1883. Therefore, the decision made by then the Patan Appellate Court (now Patan High Court), on behalf of the defendant, was not upheld and asked for further evidence-based interpretation for final judgment. The Supreme Court also held that a trademark cannot be registered and granted protection merely based on the 'first-to-file' rule, if it may cause harm to the reputation of another trademark.

4.15 CA K.N. Modi Ex Rel. Tejram Dharampal Firm V. Pradipkumar Achliya Ex Rel. Shree Ganapati Tobacco Pvt. Ltd.

The case was on the right to use of the trademark, 'RAJ NIWAS' by the plaintiff, CA K.N. Modi on behalf of Tejram Dharampal Firm, Delhi against Pradipkumar Achliya on behalf of Shree Ganapati Tobacco Pvt. Ltd. The decision was forwarded in the favor of Achliya by the joint bench of the Supreme Court as the appeal by Modi has no strong base since the verdict was given in the favor of Achliya earlier by the Department of Industry as well as the then Patan Appellate Court (now Patan High Court). The court also forwarded an argument that the trademark 'RAJ NIWAS' was not even legally registered in the home country; the India exception was allowed to run the promotional activities only. Similarly, the Court also stated that the argument of Modi for his trademark registered as per the international category was

also seen as baseless and had not fulfilled necessary legal formalities in Nepal.

4.16 Kansai Nerolac Paints Ltd., India V. Department of Industry, Government of Nepal with Rukmani Chemical Industries Pvt. Ltd.

The case was related to the use of the 'NEROLAC' brand name between Kansai Nerolac Paints Limited, India, and the local Nepali industry, Rukmani Chemical Industries Pvt. Ltd. A joint bench of the Supreme Court of Nepal overturned the Kathmandu District Court's decision in favor of the Indian company, Kansai Paints Limited. Earlier, Rukmani Chemical Industries Pvt. Ltd. had registered the 'RCI NEROLAC' at the Department of Industry (DoI). Because the trademark had already been registered, under the name Rukmani Chemical Industries Pvt. Ltd., the DoI had forbidden Kansai Paints Nepal from using the Kansai Nerolac brand on its products. Earlier, the Japanese company faced unfavorable decisions from the Patan High Court, where it had filed a case seeking protection of its trademark. As per the Patan High Court's decision, the company had to change the name of its product because the local firm has already captured the brand of reputed Kansai Nerolac Paint in the Nepali market with a brand name, 'RCI NEROLAC'.

Most of the cases related to trademark, except one related to 'source code,' was seen settled by the Supreme Court of Nepal. The High Court (then Appellate Court), the District Court, or even from the Department of Industry, or the Copyright Registrar's Office settled the majority of the copyright-related cases and other IP-related cases.

Due to the lack of strong legal provisions and the limited awareness level, the intellectual properties among the business entities, government administrators, and even legal practitioners have made the issue of less interest. Similarly, the active involvement of the Department of Industry, Government of Nepal in the dispute settlements regarding an IP has barred the limited cases to reach the Supreme Court.

At the same time, the verdict provided by the Supreme Court has been seen as a continuity of the judgments made by the lower-level courts with very few exceptions. If not, the issue was remanded to the quasi-judicial body, the Department of Industry, from where the issue related to the IP dispute emerged in an initial

phase. At the same time, none of the cases related to copyright infringements have reached the Supreme Court in the context of Nepal.

5. Conclusion

The importance of intellectual property rights has increased in context with Nepal since the country became a member of the World Trade Organization. Though the country has a limited legal and institutional framework related to intellectual property, it is insufficient in the context of a changing business environment. Nevertheless, the legal provisions related to IP are scattered under different commercial law-related acts enacted by nations at different times.

The country has made improvements in legal aspects for the protection of intellectual property. Still, loopholes prevail during stringent actions to protect the manipulation of an IP within Nepal. At the same time, the Government of Nepal needs to pass two acts related to IP, i.e., the Industrial Property (Protection) Act and the Plant Variety Protection Act, to strengthen its IP regime.

The jurisdiction is within a quasi-judicial government organization, a department of the government (the Department of Industry), under a specific ministry. Organizational strengthening is still needed and will increase in the coming days. As the business environment is dynamic, the cases and issues related to an IP are also dynamic, for which the agencies handling issues related to an IP in Nepal need to be updated.

Looking from the perspective of the judicial part in handling IP cases, the administrative as well as judgment delivery aspects should be enhanced to put a better image in the international arena regarding the protection of IP through the existing legal provisions in Nepal. The court of law should also go for *amicus curiae* as the scope of IP-related cases is diversified or emerges with the dynamism in the Nepalese business environment. And, if required, further amendments to existing acts or the enactment of new acts may be essential to building up the image of a nation as a better place for foreign direct investment (FDI) and strengthening the legal protection of IP.

Furthermore, in the context of Nepal, competence is further needed to be enhanced by the Department of Industry and the Copyright Register's Office as quasi-judicial bodies for

handling IP-related legal cases. In the precedents related to the IP-related cases from the Supreme Court of Nepal, the decision has gone for upholding the judgments of the lower-level courts or even of the Department of Industry or Copyright Registrar's Office, which shows the importance of these government entities in enhancing the legal protection of IP.

As there is a practice of establishing a tribunal for specialized legal cases in Nepal, a separate court or tribunal to handle IP-related cases could be the future path to managing the legal cases related to an IP.

Ultimately, strengthening the legal protection of IP not only enhances the nation's business environment but also helps to protect indigenous areas, ideas, knowledge, industries, services, products, homegrown techniques, and tools.

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- ⁹ Black Marketing and Some Other Social Offenses and Punishment Act, 1975, Schedule-7.
- ¹⁰ Copyright Act, 2002, s. 2(a) to s.2(p).
- ¹¹ Copyright Act, 2002, s. 4.
- ¹² Copyright Act, 2002, s. 42.
- ¹³ Competition Promotion and Market Protection Act, 2007, s. 4 (3b) and s. 32.
- ¹⁴ Consumer Protection Act, 2018, s.2(r5).
- ¹⁵ Foreign Investment and Technology Transfer Act, 2019, s. 2(f1).
- ¹⁶ Foreign Investment and Technology Transfer Act, 2019, s. 32(4a).
- ¹⁷ Export and Import (Control) Act, 1957, s. 3 was added as 'Power of Government of Nepal to prohibit or control export and import.' After an amendment on November 24, 2006.

¹⁸ Export and Import (Control) Act, 1957, s. 3(o).

¹⁹ Export and Import (Control) Act, 1957, s. 3.

²⁰ Seed Act, 1988, s.11.

²¹ Seed Act, 1988, s.13.

²² Nep. Const. art 25, cl.1.