

Govt. Polytechnic for Women, Sirsa

Business laws

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Unit : 1

Meaning of Income

The amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Objectives:-

1. A tax is a compulsory contribution of a person or entity to the state as per the rules.
2. The tax payer does not receive direct and or special benefit in return.
3. It is spent by the government for the common interest and benefit of the people.
4. It is paid only by those persons and entities who earn income exceeding a certain specified limit.

Types of Tax:-

1. Direct Tax
2. Indirect Tax
3. Personal income Tax
4. Corporate Tax
5. Excise duty (Excise duty is the tax levied on luxurious products)
6. Custom Duty (Custom duty is the tax charged on the goods dealt in the foreign trade especially on the imported goods to encourage and promote export and to protect national industries.)
7. Land revenue Tax (Land revenue tax is the one, which is imposed to the landlords on the revenue generated from land especially while selling or purchasing land.)
8. Value Added Tax (VAT) (Value added tax is the tax levied on value added on the price of the product at each stage of production, and or distribution activities. Value added is the difference between sales values and purchase value or the conversion cost plus profit.)

Heads of taxable Income (outlines)

- Income from Salary
- Income from **House Property**
- Income from Profits and Gains of Profession or Business
- Income from **Capital Gains**
- Income from Other Sources

Definition of Salary:-

The term salary is defined under section 17 (1) of the income tax act to include following items as salary;

- Wages
- Any annuity or pension
- Any gratuity
- Any fee, commission, perquisite or profit in lieu of salary or in addition to any salary or wages
- Any advance of salary
- Any payment received by an employee in respect of any period of leave not availed by him
- The portion of the annual accretion in any previous year to the balance at the credit of an employee participating in a recognized provident fund to the extent it is taxable
- Transferred balance in a recognized provident fund to the extent it is taxable and
- Contribution by the central government to the account of an employee under a pension scheme referred to in section 80CCD

- **Definition of Allowances:-** Allowance is a fixed monetary amount paid by the employer to the employee for meeting some particular expenses, whether personal or for the performance of his duties. These allowances are generally taxable and are to be included in the gross salary unless a specific exemption has been provided in respect of any such allowance. Specific exemptions in respect of allowances are provided under the following sections:

- House Rent Allowance — Section 10(13A)
- Prescribed special allowances — Section 10(14)

What is Prerequisite?

The term prerequisite states extra benefit that employees will get in addition to the normal salary to the employees. These benefits are provided to the employees at free of cost or at concessional rates.

As per Section 17(2) of the Income Tax Act, 1961 “Perquisites” includes:

- Value of rent-free or concessional rate of rental accommodation provided to the employee by the employer.
- Any sum paid by the employer in respect of an obligation which was actually payable to the employee
- Value of any benefit or emolument provided free of cost or at concessional rates to the employee
- Value of any specified security or sweat equity shares allotted or transferred directly or indirectly by the employer or former employer to the employee either free of cost or at concessional rates
- Amount of any contribution to an approved superannuation fund to the employee to the extent it exceeds one lakh rupees.
- C\Value of any fringe benefit or any other benefit as may be prescribed.

Exempted Perquisites for all employees:

- Telephone Facility
- Transport Facility
- Privilege passes and tickets
- Training to employees
- Leave Travel Concession
- Medical facilities subject to conditions
- Perquisites allowed by the government for rendering services outside India

		Deductions
(1)	(2) <i>Nature of deduction</i>	(3) <i>Who can claim</i>
<u>16(i)</u>	Against 'salaries' Standard Deduction [Rs. 50,000 or the amount of salary, whichever is lower]	Individual – Salaried Employee & Pensioners
<u>16(ii)</u>	Entertainment allowance [actual or at the rate of 1/5th of salary, whichever is less] [limited to Rs. 5,000]	Government employees
<u>16(iii)</u>	Employment tax	Salaried assesses

How to file ITR ?

The process to electronically file Income Tax Returns (ITR) by using the internet is called e-filing. The process to e-file ITR is quick, easy, and can be completed from the comfort of an individual's home or office. E-filing ITR can also help in saving money as you would not have to hire an individual to file ITR.

A step by step guide on how to file ITR online

Step 1: Visit the e-filing website <https://incometaxindiaefiling.gov.in>

Step 2: Login to e-file your returns

Step 3: Register to e-file ITR

Step 4: Select the User Type

Step 5: Basic details must be filled up

Step 6: Registration Form must be filled

Step 7: Verification of PAN

Step 8: Activation of Account

Unit-2

Factories Act,1948

Introduction to Factories Act

In general terms 'Factory' is a building or buildings where people use machines to produce goods. But whenever a thing becomes extremely complex and important, general terms are no longer valid.

Hence, in 1948, the Factories Act, 1948 came into existence. Factories Act, 1948 does not only define things related to factories but also solves certain confusions.

What is a Factory (Under Factories Act, 1948)?

According to Sec 2(m), "factory" means any premises including the precincts thereof—

(i) whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or

(ii) whereon twenty or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on-

but does not include a mine subject to the operation of [the Mines Act, 1952 (35 of 1952)], or [a mobile unit belonging to the armed forces of the Union, a railway running shed or a hotel, restaurant or eating place].

WHAT IS THE DEFINITION OF 'WORKER' AS PER FACTORIES ACT 1948?

Worker means a person employed (directly or by or through any agency including a contractor), with or without the knowledge of the principal employer, whether for remuneration or not in any manufacturing process or in cleaning any part of the machinery or premises used for a manufacturing process or in any other kind of work incidental to or connected with the manufacturing process or the subject of the manufacturing process (but does not include any member of the armed forces of the Union)

Definition of employer under Factories Act ,1948:-

A legal entity that controls and directs a servant or worker under an express or implied contract of employment and pays (or is obligated to pay) him or her salary or wages in compensation.

What are the provisions relating to health for employees working in factories and the manufacturing process addressed by the Factories Act, 1948?

The main focus of Factories Act is towards the Health benefits to the workers. Health Chapter of the Act contains specification from Section 11 to 20. Detailed information of the sections of is provided as under:

Section 11: This section basically specifies the issues of cleanliness at the workplace. It is mentioned in the provision that every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance. This includes that there should be no accumulation of dirt and refuse and should be removed daily and entire area should be kept clean.

Section 12: This section specifies on disposal of wastes and effluents. That every factory should make effective arrangements for the treatment of wastes and effluents due to the manufacturing process carried on therein, so as to render them innocuous and for their disposal.

Section 13: This section focuses on ventilation and temperature maintenance at workplace. Every factory should work on proper arrangements for adequate ventilation and circulation of fresh air.

Section 14: This section details on the proper exhaustion of dust and fume in the Factory. In this it is mentioned that factory which deals on manufacturing process should take care of the proper exhaustion of dust, fume and other impurities from its origin point.

Section 15: This section specifies regarding the artificial humidification in factories. In this the humidity level of air in factories are artificially increased as per the provision prescribed by the State Government.

Section 16: Overcrowding is also an important issue which is specified in this section. In this it is mentioned that no room in the factory shall be overcrowded to an extent that can be injurious to the health of workers employed herein.

Section 18: This section specifies regarding arrangements for sufficient and pure drinking water for the workers. There are also some specified provisions for suitable point for drinking water supply. As in that drinking water point should not be within 6 meters range of any washing place, urinal, latrine, spittoon, open drainage carrying effluents. In addition to this a factory where there are more than 250 workers provisions for cooling drinking water during hot temperature should be made.

Section 19: This section provides details relating to urinals and latrine construction at factories. It mentions that in every factory there should be sufficient accommodation for urinals which should be provided at conveniently situated place. It should be kept clean and maintained. There is provision to provide separate urinals for both male and female workers.

Section 20: This section specifies regarding proper arrangements of spittoons in the factory. It is mentioned that in every factory there should be sufficient number of spittoons situated at convenient places and should be properly maintained and cleaned and kept in hygienic condition.

What are the provisions relating to safety for employees working in factories and the manufacturing process addressed by the Factories Act, 1948?

The Factories Act, 1948 also provides provisions relating to safety measures for the workers employed herein. This is to ensure safety of workers working on or around the machines. The detailed information on each provision relating to safety measures is as under:

Section 17: Under section it has been described that there should be proper arrangement of lighting in factories. In every part of the factory where workers are working or passing should be well equipped with lighting arrangement either by natural sources or artificial sources.

Section 21: This section specifies that fencing of machinery is necessary. That any moving part of the machinery or machinery that is dangerous in kind should be properly fenced.

Section 23: This section prescribes that employment of young person on dangerous machinery is not allowed. In the case where he is been fully instructed in the usage of the machinery and working under the supervision he might be allowed to work on it.

Section 24: This section provides provision of striking gear and devices for cutting off power in case of emergency. Every factory should have special devices for cutting off of power in emergencies from running machinery. Suitable striking gear appliances should be provided and maintained for moving belts.

Section 28: This section prohibits working of women and children on specific machinery. As per this section women and children should not be appointed for any part of factory working on cotton pressing.

Section 32: In this section it has been specified that all floors, stairs, passages and gangways should be properly constructed and maintained, so that there are no chances of slips or fall.

Section 34: This section specifies that no person in any factory shall be employed to lift, carry or move any load so heavy that might cause in injury. State Government may specify maximum amount of weight to be carried by workers.

Section 35: This section provides specification regarding safety and protection of eyes of workers. It mentions that factory should provide specific goggles or screens to the workers who are involved in manufacturing work that may cause them injury to eyes.

Section 36: As per this section it is provided that no worker shall be forced to enter any chamber, tank, vat, pit, pipe, flue or other confined space in any factory in which any gas, fume, vapour or

dust is likely to be present to such an extent as to involve risk to persons being overcome thereby.

Section 38: As per this section there should be proper precautionary measures built for fire. There should be safe mean to escape in case of fire, and also necessary equipments and facilities to extinguish fire.

Section 45: This section specifies that in every factory there should be proper maintained and well equipped first aid box or cupboard with the prescribed contents. For every 150 workers employed at one time, there shall not be less than 1 first aid box in the factory. Also in case where there are more than 500 workers there should be well maintained ambulance room of prescribed size and containing proper facility.

The Factories Act, 1948

- It provides the following provisions for maintaining health, security and safety of employees:

For Health

Ventilation & Temperature	Disposal of wastes
Cleanliness	Dust and fumes
Artificial Humidification	Overcrowding
Lightening	Drinking water
Latrines and urinals	Spittoons

For Safety

Fencing of machinery	Work on machinery in motion
Cashing of new machines	Protection of eyes
Hoists and lifts	Self acting machinery

Fencing of machinery	Work on machinery in motion
Excessive weights	Pressure plant
Precautions against dangerous fumes	Floors, stairs and means of access
Precautions in case of fire	Explosives of inflammable gas
Safety of buildings & machinery	Maintenance of buildings

For Welfare

Washing facilities	Facilities for sitting
First aid appliances	Canteens
Rest rooms and shelters	Crèches
Facilities for storing and drying clothing	

Factories Act, 1948 : Provisions for Labour Welfare in India

Some of the provisions relating to the Labour Welfare as mentioned in the Factories Act, 1948 are: (1) Washing Facilities (2) Facilities for storing and drying clothing (3) Facilities for sitting (4) First aid appliances (5) Canteens (6) Shelters, rest rooms and lunch rooms (7) Creches and (8) Welfare officers

(1) Washing Facilities:

In every factory (a) adequate and suitable facilities shall be provided and maintained for the use of workers; (b) separate and adequately screened facilities shall be provided for the use of male and female workers; (c) such facilities shall be easily accessible and shall be kept clean.

(2) Facilities for storing and drying clothing:

In every factory provision for suitable place should exist for keeping clothing not worn during working hours and for the drying of wet clothing.

(3) Facilities for sitting:

In every factory, suitable arrangements for sitting shall be provided and maintained for all workers who are obliged to work in a standing position so that the workers may take advantage of any opportunity for rest which may occur in the course of work. If in any factory workers can efficiently do their work in a sitting position, the Chief inspector may require the occupier of the factory to provide such seating arrangements as may be practicable.

(4) First aid appliances:

Under the Act, the provisions for first-aid appliances are obligatory. At least one first-aid box or cupboard with the prescribed contents should be maintained for every 150 workers. It should be readily accessible during all working hours.

Each first-aid box or cupboard shall be kept in the charge of a separate responsible person who holds a certificate in the first-aid treatment recognised by the State Government and who shall always be readily available during the working hours of the factory.

In every factory wherein more than 500 workers are ordinarily employed there shall be provided and maintained an ambulance room of the prescribed size containing the prescribed equipment. The ambulance room shall be in the charge of properly qualified medical and nursing staff. These facilities shall always be made readily available during the working hours of the factory.

(5) Canteens:

In every factory employing more than 250 workers, the State government may make rules requiring that a canteen or canteens shall be provided for the use of workers. Such rules may provide for (a) the date by which the canteen shall be provided, (b) the standards in respect of

constitution, accommodation, furniture and other equipment of the canteen; (c) the foodstuffs to be served therein and charges which may be paid thereof; (d) the constitution of a managing committee for the canteens and representation of the workers in the management of the canteen; (e) the items of expenditure in the running of the canteen which are not to be taken into account in fixing the cost of foodstuffs and which shall be borne by the employer; (f) the delegation to the Chief inspector, of the power to make rules under clause (c).

(6) Shelters, rest rooms and lunch rooms:

In every factory wherein more than 150 workers are ordinarily employed, there shall be a provision for shelters, rest room and a suitable lunch room where workers can eat meals brought by them with provision for drinking water.

Where a lunch room exists, no worker shall eat any food in the work room. Such shelters or rest rooms or lunch rooms shall be sufficiently lighted and ventilated and shall be maintained in a cool and clean condition.

(7) Creches:

In every factory wherein more than 30 women workers are ordinarily employed there shall be provided and maintained a suitable room or rooms for the use of children under the age of six years of such women.

Such rooms shall provide adequate accommodation, shall be adequately lighted and ventilated, shall be maintained in clean and proper sanitary conditions and shall be under the charge of women trained in the care of children and infants.

(8) Welfare officers:

In every factory wherein 500 or more workers are ordinarily employed, the occupier shall employ in the factory such number of welfare officers as may be prescribed under Sec. 49(1).

The State government may prescribe the duties, qualifications and conditions of service of such officers.

Working Hours for Factory Workers

I. Employment of Adults:

An adult worker shall not be employed for more than 48 (forty eight) hours in a week and not more than 9 (nine) hours in a day. A compulsory rest of at least half an hour (30 minutes) between each period of work and such period of work shall not exceed five hours. Total period of work inclusive of rest interval cannot be more than 10.5 hours. The Chief Inspector may by giving a reason in writing increase the workday time up to twelve hours. According to Minimum Wages Act, 1948 the working day of a worker shall be so arranged that inclusive of the interval of rest it shall not exceed 12 hours on any day. The State Governments have the power to make rules in respect of adult workers in factories and to make exemptions to the above-mentioned rules.

However, the total number of hours of work in a week, including overtime, shall not exceed sixty and the total number of hours of overtime shall not exceed fifty for any one quarter. The employer has to make sure that no worker works more than 10 days without a rest day of 24 hours. Therefore, if the worker is asked to work on weekly holiday, he should have full holiday on one of three days immediately or after the normal day of holiday.

The Factories Act puts restriction on double employment and overlapping of shifts. No worker is allowed to work in any factory on any day on which he has already been working in any other factory. If a worker shift extends beyond midnight, a holiday of a whole day means 24 consecutive hours beginning when his shift ends must be provided to him.

Weekly holiday is compulsory as per the Factories Act. First day of the week i.e. Sunday shall be a weekly holiday. Compensatory holiday in lieu of weekly holidays deprived and such compensatory holiday must be given within the same month or two months following the month when the weekly holiday was missed.

2. Employment of Women:

A woman worker cannot be employed beyond the hours 6 a.m. to 7.00 pm. State Government can grant exemption to any factory or group or class of factories, but no woman can be permitted to work during 10 PM to 5 AM. Shift change can be only after weekly or other holiday and not in between.

3. Employment of Young Person:

Child below the age of 14 years is not allowed to be employed in a Factory. Young person above 14 but below 15 years of age can be employed only for 4.5 hours per day and that too subject to a doctor's permission by way of certification of fitness for work. A person over 15 but below 18 years of age is termed as "adolescent". He can be employed as an adult if he has a certificate of fitness for a full day's work from certifying surgeon. There are more restrictions on employment of female adolescent.

Annual Leave and Holidays

Paid Vacation / Annual Leave

The Factories Act has provided annual/earned leave of 12 working days for all the workers who have worked at least 240 days in a year. However, the duration of earned/annual leave differs for the adult and young workers. An adult worker is entitled to one day of earned leave for every 20 days of service while a young worker (under the age of 15 years) is entitled to one day of earned leave for every 15 days of service. Thus, the annual leave duration is 15 working days and 20 working days for adult and young workers respectively.

Workers are paid their usual daily wage rates for the days of earned leave. A worker is paid his full daily wages during the term of annual leave. Daily wages are the average of his total full time earnings for the day on which he actually worked during the months immediately preceding his leave, exclusive of any overtime and bonus but inclusive of dearness allowance and the cash equivalent of advantage accruing through the concessional sale to the worker of food grains and other articles.

If a worker takes four or more days' leave at a time, his wages are paid before the leave begins. The employer, the works committee and the Chief Inspector of factories determine the schedule of leaves by mutual consensus to ensure continuity of work. A worker may take all or portion of annual leave provided that he/she notifies the employer in writing at least 15 days prior to the date of availing annual leave and such request may not be refused unless it contradicts with the scheme of leave already agreed. Even when in portions, annual leave cannot be taken more than three times a year.

Annual leave may be carried over however no more than 30 days can be carried over to the next year. If the employment contract expires before a worker could take annual leave, compensation for leave is made in proportion to the number of months and numbers of hours worked in a week.

Pay on Public Holidays

Workers are entitled to paid days-off during Festival (public and religious) holidays. These include memorial holidays and religious holidays.

There are many festival and religious holidays in India however only three of these are fully covered national public holidays. These are Republic Day (January 26), Independence Day (August 15) and Mahatama Gandhi's Birthday (October 2). (National and Festival Holiday Act & www.qppstudio.net)

Weekly Rest Days

The Factories Act provides provision on weekly rest. Workers are generally entitled to at least 24 hours of weekly rest on the first day of the week, i.e., Sunday. The weekly rest period is reckoned as a paid time.

Workers may be required to work on weekly holiday; in this case, he/she is entitled to the substitute holiday three days before or after the usual weekly holiday. Even in the case of holiday substitution, workers must be given a weekly holiday in every 10 days. If an organization is exempted from the provision related to weekly holiday and workers are not granted their weekly holidays, an equal number of compensatory holidays have to be granted within 2 months.

Unit-3

Contract Act,1872

Introduction

The Indian Contract Act occupies the most important place in the Commercial Law. Without contract Act, it would have been difficult to carry on trade or any other business activity and in employment law. It is not only the business community which is concerned with the Contract Act, but it affects everybody. The objective of the Contract Act is to ensure that the rights and obligations arising out of a contract are honored and that legal remedies are made available to those who are affected. According to Indian Contract Act, 1872 Section 1, this Act may be called the Indian Contract Act, 1872.

Contract?

The Contracts or agreements between various parties are framed and validated by the [Indian Contract Act](#). Contract Act is one of the most central laws that regulates and oversees all the business wherever a deal or an agreement is to be reached at.

Contract Act?

The Indian Contract Act, 1872 defines the term “Contract” under its section 2 (h) as “An agreement enforceable by law”. In other words, we can say that a contract is anything that is an agreement and enforceable by the law of the land.

This definition has two major elements in it viz – “agreement” and “enforceable by law”. So in order to understand a contract in the light of The Indian Contract Act, 1872 we need to define and explain these two pivots in the definition of a contract.

Agreement

The Indian Contract Act, 1872 defines what we mean by “Agreement”. In its section 2 (e), the Act defines the term agreement as “every promise and every set of promises, forming the consideration for each other”.

Promise

This ambiguity is removed by the Act itself in its section 2(b) which defines the term “promise” here as: “when the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. Proposal when accepted, becomes a promise”.

In other words, an agreement is an accepted promise, accepted by all the parties involved in the agreement or affected by it. This definition thus introduces a flow chart or a sequence of steps that need to be triggered in order to establish or draft a contract. The steps may be described as under:

- i. The definition requires a person to whom a certain proposal is made.
- ii. The person (parties) in step one have to be in a position to fully understand all the [aspects of a proposal](#).
- iii. “signifies his assent thereto” – means that the person in point one accepts or agrees with the proposal after having fully understood it.
- iv. Once the “person” accepts the proposal, the status of the proposal changes to “accepted proposal”.
- v. “accepted proposal” becomes a promise. Note that the proposal is not a promise. For the proposal to become a promise, it has to be accepted first.

Thus, in other words, an agreement is obtained from a proposal once the proposal, made by one or more of the participants affected by the proposal, is accepted by all the parties addressed by the agreement. To sum up, we can represent the above information below:

Agreement = [Offer](#) + [Acceptance](#).

Enforceable By Law

Contract = Accepted Proposal (Agreement) + Enforceable by law (defined within the law)

So What Is A Contract?

Now we can define a contract and more importantly, understand what is “Not” a contract. A contract is an accepted proposal (agreement) that is fully understood by the law and is legally defined or enforceable by the law.

So a contract is a legal document that bestows upon the [parties special rights](#) (defined by the contract itself) and also obligations which are introduced, defined and agreed upon by all the parties of the contract.

Difference Between Agreement And Contract

Contract	Agreement
A contract is an agreement that is enforceable by law.	A promise or a number of promises that are not contradicting and are accepted by the parties involved is an agreement.
A contract is only legally enforceable.	An agreement must be socially acceptable. It may or may not be enforceable by the law.
A contract has to create some legal obligation.	An agreement doesn't create any legal obligations.
All contracts are also agreements.	An agreement may or may not be a contract.

10 Essential Elements of a Valid Contract in Business Law

According to Sec. 10, “All agreements are contract if they are made by the free consent of parties competent to contract for a lawful consideration and with a lawful object and are not expressly declared to be void.”

. Offer and acceptance:

In a contract there must be at least two parties one of them making the offer and the other accepting it. There must thus be an offer by one party and its acceptance by the other. The offer when accepted becomes agreement.

2. Legal relationship:

Parties to a contract must intend to constitute legal relationship. It arises when the parties know that if any one of them fails to fulfil his part of the promise, he would be liable for the failure of the contract.

If there is no intention to create legal relationship, there is no contract between parties.

Agreements of a social or domestic nature which do not contemplate a legal relationship are not contracts.

3. Consensus-ad-idem:

The parties to an agreement must have the mutual consent i.e. they must agree upon the same thing and in the same sense. This means that there must be consensus ad idem (i.e. meeting of minds).

4. Competency of parties:

The parties to an agreement must be competent to contract. In other words, they must be capable of entering into a contract.

According to Sec 11 of the Act, “Every person is competent to contract who is of the age of majority according to the law to which he is subject to and who is of sound mind and is not disqualified from contracting by any law to which he is subject.”

Thus, according to Section 11, every person with the exception of the following is competent to enter into a contract:-

- (i) A minor,
- (ii) A person of unsound mind, and
- (iii) A person expressly declared disqualified to enter into a contract under any Law.

5. Free consent:

Another essential of a valid contract is the consent of parties, which should be free. Under Sec. 13, "Two or more parties are said to consent, when they agree upon the same thing in the same sense." Under Sec. 14, the consent is said to be free, when it is not induced by any of the following:- (i) coercion, (ii) misrepresentation, (iii) fraud, (iv) undue influence, or (v) mistake.

6. Lawful consideration:

Consideration is known as 'something in return'. It is also essential for the validity of a contract. A promise to do something or to give something without anything in return would not be enforceable at law and, therefore, would not be valid.

Consideration need not be in cash or in kind. A contract without consideration is a 'wagering contract' or 'betting'. Besides, the consideration must also be lawful.

7. Lawful objects:

According to Sec. 10, an agreement may become a valid-contract only, if it is for a lawful consideration and lawful object. According to Sec. 23, the following considerations and objects are not lawful:-

- (i) If it is forbidden by law;
- (ii) If it is against the provisions of any other law;
- (iii) If it is fraudulent;
- (iv) If it damages somebody's person or property; or
- (v) If it is in the opinion of court, immoral or against the public policy.

Thus, any agreement, if it is illegal, immoral, or against the public policy, cannot become a valid contract.

8. Agreement not expressly declared void:

An agreement to become a contract should not be an agreement which has been expressly declared void by any law in the country, as it would not be enforceable at law.

Under different sections of the Contract Act, 1872, the following agreements have been said to be expressly void, viz :-

- (i) Agreements made with the parties having no contractual capacity, e.g. minor and person of unsound mind (Sec. 11).
- (ii) Agreements made under a mutual mistake of fact (Sec. 20).
- (iii) Agreements with unlawful consideration or object (Sec. 23).
- (iv) Agreements, whose consideration or object is unlawful in part (Sec. 24).
- (v) Agreements having no consideration (Sec 25).
- (vi) Agreements in restraint of marriage (Sec. 26).
- (vii) Agreements in restraint of trade (Sec. 27).
- (viii) Agreements in restraint of legal proceedings (Sec. 28).
- (ix) Agreements, the meaning of which is uncertain (Sec. 29).
- (x) Agreements by way of wager (Sec. 30). and
- (xi) Agreements to do impossible acts (Sec. 56).

9. Certainty and possibility of performance:

Agreements to form valid contracts must be certain, possible and they should not be uncertain, vague or impossible. An agreement to do something impossible is void under Sec. 56.

10. Legal formalities:

The agreement may be oral or in writing. When the agreement is in writing it must comply with all legal formalities as to attestation, registration. If the agreement does not comply with the necessary legal formalities, it cannot be enforced by law.

Classification of contract

Contracts can be classified into five broad divisions namely

1. The method of formation of a contract
2. The time of performance of contract
3. The parties of the contract
4. The method of formalities of the contract
5. The method of legality of the contract

1. The method of formation of a contract

Under the method of formation of a contract may be three kinds

- Ø Express contract
- Ø Implied contract
- Ø Quasi contract

Express contract: Express contract is one which expressed in words **spoken or written**. When such a contract is formal, there is no difficulty in understanding the rights and obligations of the parties.

Implied contract: The condition of an implied contract is to be understood from the acts, the contract of the parties or the course of dealing between them.

Quasi contract: There are certain dealings which are not contracts strictly, though the parties act as if there is a contract. The contract Act specifies the various situations which come within what is called Quasi contract.

2. The time of performance of contract

Under the method of the time of performance of contract may be two kinds

- Ø Executed Contract

- Ø Executory Contract

Executed Contract: There are contracts where the parties perform their obligations immediately, as soon as the contract is formed.

Executory Contract: In this contract the obligations of the parties are to be performed at a later time.

3. The parties of the contract

Under the method of the parties of the contract may be two kinds

- Ø Bilateral Contract
- Ø Unilateral Contract

Bilateral Contract: There must be at least two parties to the contract. Therefore all contracts are bilateral or multilateral.

Unilateral Contract: In certain contracts one party has to fulfill his obligations where as the other party has already performed his obligations. Such a contract is called unilateral contract.

4. The method of formalities of the contract

Under the method of the method of formalities of the contract may be two kinds

- Ø Formal contract
- Ø Informal contract

Formal contract: A formal contract is a contract which is formatted by satisfied all the essentials formalities of a contract.

Informal contract: An informal contract is a contract which is failed to satisfy all or any of the essentials formalities of a contract.

5. The method of legality of the contract

Under the method of the method of legality of the contract may be five kinds

1. Valid Contract

2. Void Agreement
3. Void able Contract
4. Unenforceable Agreement
5. Illegal Agreement

Valid Contract: An agreement which satisfied all the essential of a contract and which is enforceable through the court is called valid contract.

Void Agreement: An agreement which is failed to satisfied all or any of the essential element of a contract and which is not enforceable by the court is called void agreement. An agreement not enforceable by law is said to be void. A void agreement has no legal fact. It confers no right on any person and created no obligation.

Example: An agreement made by a minor. **Voidable Contract:** An agreement which is enforceable by law at the open of one or more parties of the contract but not at the open of the other or others is a void able contract.

A void able contract is one which can be avoided and satisfied by some of the parties to it. Until it is avoided, it is a good contract.

Example: contracts brought about by coercion or undue influence or misrepresentation or fraud.

Unenforceable Agreement: An Unenforceable Agreement is one which cannot be enforcing in a court for its technical and formal defect.

Example: (1) An agreement required by law to register but not resisted. (2) An agreement with not satisfied stamped.

Illegal Agreement: An illegal agreement is one which is against a law enforcing in Bangladesh.

Unit-4

Consumer Protection Act, 1986

4.1 Introduction

The Consumer Protection Act, 1986 (COPRA) is an [Act](#) of the [Parliament of India](#) enacted in 1986 to protect the interests of consumers in [India](#). It makes for the establishment of consumer councils and other authorities for the settlement of consumer's toy and for matters connected there with it also. The act was passed in Assembly in October 1986 and came into force on 24 December 1986.

Objectives

The objectives of the Central Council is to promote and to protect the rights of the consumers such as:-

1. The right to be protected against the marketing of goods and services which are hazardous to life and property.
2. The right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices;
3. The right to be assured, wherever possible, access to a variety of goods and services at competitive prices ;
4. The right to be heard and to be assured that consumer's interest will receive due consideration at appropriate forums;
5. The right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers
6. The right to consumer education.

Scope of the Act :-

- The Act applies to all goods and services of any kind other than for commercial purposes provided by any sector – private, public or cooperative. It also covers public utility services.
- Any ultimate consumer or registered association of consumers, State and Central Government can file a complaint under the Act. Complaint can be filed either personally or by post. There is no fee for filing a complaint.
- The complaint may relate to defect in the goods, deficiency in service, price variation and unfair trade practice.

4.2 Meaning of Consumer Complaint:-

A consumer complaint is a report from a consumer providing documentation about a problem with a product or service. Consumer complaints typically represent an escalation in the complaint process, as consumers file them with a third party to register a grievance with a company that fails to resolve a complaint internally. Organizations like the Better Business Bureau and Federal Trade Commission both accept consumer complaints and assist people with customer service issues, as do government representatives like attorneys general.

Meaning of Consumer Dispute:-

Consumer dispute means dispute where the person against whom a complaint has been made, denies or disputes the allegation contained in the complaint.

What is Restrictive Trade Practice?

A restrictive trade practice is defined under Section 2(1)(nnn) of the Consumer Protection Act, 1986. The section covers all the price related deceit that the traders may indulge in to maximise their profits.

Restrictive trade practices are targeted at the consumers who are burdened with restriction and unjustified costs through the practices of the trader. The trader manipulates the price or the conditions of delivery of the product which results in restrictive trade practice. This affects the supply of goods and services in the market and includes:

- A likely or definite rise in the price of a commodity due to the delay of the trader to provide the good or service.
- A compulsion to purchase, hire or avail any good or service in order to obtain any other good or service.

What is Unfair Trade Practice?

An unfair trade practice refers to that malpractice of a trader that is unethical or fraudulent. These practices cause an inconvenience or grievance to consumers.

An unfair trade practice is defined under Section 2(1)(r) of the Consumer Protection Act, 1986. According to this definition, it is a trade practice carried out for the promotion of sale. It is the distribution or utilisation of any good or service by adopting a deceptive method or practice.

Difference Between Unfair Trade Practice and Restrictive Trade Practice:

An unfair trade practice is the deceitful and misleading representation of goods and services which portrays a false image of the product. Information regarding utility, quality and standard, style etc of goods and services may be twisted under this practice.

Restrictive Trade Practice, however, is when traders try to change the flow of money in the market in order to maximize their profits and to gain an upper hand in the market competition. Here, independent sellers hike their collective profits by limiting supply by controlling selling prices or the prices of purchased inputs. This is the primary difference in unfair trade practice and restrictive trade practice.

4.3 Redressal Machinery:

The Act provides for three tier quasi-judicial machinery at the national, state and district levels which is as under:

District forum:

The State Government will establish a district forum in each district. Claims for compensation up to Rs 20 lakhs can be filed in the district forum. The district forum may summon and enforce the attendance of any defendant.

It can also examine witnesses on oath, may produce any document and may receive evidence an affidavit. Appeals against the order of district forum can be filed before the State Commission within thirty days.

State commission:

The State commission will hear appeals against the orders of the district forum. Claims for compensation in excess of Rs. 20 lakhs but not more than 100 lakhs can be directly filed with the State Commission. Appeals against the orders of State Commission can be filed within thirty days before the National Commission.

National commission:

The National Disputes Redressal Commission is working at the centre. Claims for compensation for more than Rs 100 lakhs can be filed before the National Commission. National commission has the right to dispose of appeals against the orders of the State Commission.

These redressal bodies are required to decide the case within three months of notice to opposite party where complaint does not require any analysis or testing of the commodity and within five months in other cases.

Appeal against the orders of the National Commission can be filed before the Supreme Court within thirty days. The redressal bodies may pass orders for removal of defects from the goods,

replacement of goods, refund of the price and award of compensation for the loss or injury suffered.

Unit-5

Introduction:-

Cyber Laws in India: In India, cyber laws are contained in the Information Technology Act, 2000 ("IT Act") which came into force on October 17, 2000. The main purpose of the Act is to provide legal recognition to electronic commerce and to facilitate filing of electronic records with the Government.

Importance of Cyberlaw

Cyberlaw is vital because it touches almost all aspects of transactions and behavior on and concerning the Internet, the World Wide Web and Cyberspace. Primarily it may seem that Cyberlaw is a very technical field and that it does not have any attitude to most activities in Cyberspace. But the actual fact is that nothing could be further than the truth. Whether we realise it or not, every work and every reaction in Cyberspace has some legal and Cyber legal perspectives.

India introduced the law recently and every law needs some time to mature and grow. It was understood that over a period of occasion it will produce and further amendments will be brought to make it well-matched with the International standards. It is significant to realize that we need "qualitative law" and not "quantitative laws".

Such crimes may threaten a nation's security and financial health. Issues surrounding this type of crime has become high-profile, mainly those surrounding cracking, copyright infringement. There are problems of privacy when private information is lost or intercepted, lawfully or otherwise.

Cyber crimes can involve criminal activities that are traditional in nature, such as fraud, forgery, theft, mischief and defamation all of which are subject to the Indian Penal Code. The abuse of computers has also given birth to a range of new age crimes that are addressed by the Information Technology Act, 2000.

Objectives of IT Act, 2000

- It is objective of I.T. Act 2000 to give legal recognition to any transaction which is done by electronic way or use of internet.
- To give legal recognition to digital signature for accepting any agreement via computer.
- To provide facility of filling document online relating to school admission or registration in employment exchange.
- According to I.T. Act 2000, any company can store their data in electronic storage.
- To stop computer crime and protect privacy of internet users.
- To give legal recognition for keeping books of accounts by bankers and other companies in electronic form.
- To make more power to IPO, RBI and Indian Evidence act for restricting electronic crime.

Unit-6

Right to Information Act 2005

6.1 “***Right to information***” means the right to information accessible under this Act which is held by or under the control of any public authority and includes the right to-

- (i) inspection of work, documents, records;
- (ii) taking notes, extracts or certified copies of documents or records;
- (iii) taking certified samples of material;
- (iv) obtaining information in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or through printouts where such information is stored in a computer or in any other device;

What is the importance of RTI?

1. Every citizen possesses the right to information.
2. The term information includes any mode of information in any form of record, document, email, circular, press release, contract sample or electronic data etc
Right to information covers inspection of work, document, record and its certified copy and information in any other electronic mode.
3. Applicant can obtain information within 30 days from the date of request in a normal case.
4. Information can be obtained within 48 hours from time of filing the request if it is a matter of life or liberty of a person.●
5. Every public authority is under obligation to provide information on written request or request by electronic

means.

6. Certain information is prohibited for security reasons.

7. Penalty for not providing information is Rs. 250/ per day but the total amount of penalty should not exceed Rs. 25,000.

8. Central Information Commission and State Information Commission are to be constituted by the Central Government and the respective State Governments.

6.2 Process of Filing RTI

- Under the Act, all authorities covered must appoint their Public Information Officer (PIO).
- Any person may submit a request to the PIO for information in writing.
- It is the PIO's obligation to provide information to citizens of India who request information under the Act.
- If the request pertains to another public authority (in whole or part), it is the PIO's responsibility to transfer/forward the concerned portions of the request to a PIO of the other within 5 working days.
- In addition, every public authority is required to designate Assistant Public Information Officers (APIOs) to receive RTI requests and appeals for forwarding to the PIOs of their public authority.
- The applicant is not required to disclose any information or reasons other than his name and contact particulars to seek the information.

6.3 Public Information Officer Duties & Responsibilities

This job generally requires the ability to do the following:

- Communicate critical information effectively to the public
- Write press releases and prepare information for distribution by media outlets
- Draft speeches and arrange interviews for government officials
- Respond to requests for information from media outlets
- Be the face of a government organization in the absence of an elected leader
- Help maintain and uphold a certain image and identity for government officials or organizations

Duties and Responsibilities of Central Public Information Officer

1. Department of Personnel & Training

2. Recruitment Agencies
3. Training Division
4. Senior Appointments under the Government of India
5. Administrative Vigilance(maintenance of the professional ethics and standards of the bureaucracy.)
6. Central Vigilance Commission (Advice on all vigilance matters is provided by Central Vigilance Commission. It has jurisdiction and power in respect of all matters to which the executive power of the Central Government extends. The Commission enjoys the same measure of independence and autonomy as the Union public Service Commission. The Commission has its office at Satarkta Bhavan, INA Colony, New Delhi.)
7. Central Bureau of Investigation
8. Staff Welfare

Unit-7

Intellectual Property Rights

Business assets

Tangible Assets (e.g. buildings, machinery, infrastructures)

Intangible Assets (e.g. know-how, human resources, business relationships, brands)

Introductionn:-

Intellectual property (IP) is a category of [property](#) that includes intangible creations of the human intellect. The most prominent types of intellectual property are [copyrights](#), [patents](#), and [trademarks](#), though many other types also exist, and some countries recognize more types than others. It was not until the 19th century that the term "intellectual property" began to be used, and not until the late 20th century that it became commonplace in the majority of the world.

The main purpose of intellectual property law is to encourage the creation of a wide variety of intellectual goods. To achieve this, the law gives people and businesses property rights to the information and intellectual goods they create, usually for a limited period of time. This gives economic incentive for their creation, because it allows people to profit from the information and intellectual goods they create. These economic incentives are expected to stimulate innovation and contribute to the technological progress of countries, which depends on the extent of protection granted to innovators.

The [intangible](#) nature of intellectual property presents difficulties when compared with traditional property like land or goods. Unlike traditional property, intellectual property is "indivisible" – an unlimited number of people can "consume" an intellectual good without it being depleted. Additionally, investments in intellectual goods suffer from problems of appropriation – a landowner can surround their land with a robust fence and hire armed guards to protect it, but a producer of information or an intellectual good can usually do very little to stop their first buyer from replicating it and selling it at a lower price. Balancing rights so that they are strong enough to encourage the creation of intellectual goods but not so strong that they prevent the goods' wide use is the primary focus of modern intellectual property law.

What is the scope of the intellectual property law in India?

Scope can have different interpretation in this question. India has always been and has been more active in terms of IPR be it patents, copyrights, designs, trademarks, geographical indications and others

Scope of Patents: Protects ideas/inventions for a period of 20 years from date of filing of application

Scope of copyright: Protects EXPRESSION of ideas, this includes literary, dramatic, artistic works including software. Tenure of copyright is life of author +60 years

Scope of trademark: Protects the name, logo, colour, sound, smell that helps any person differentiate products/services of one company from the other. Tenure is lifetime, it needs to be renewed every 10 years

Scope of design: Protects the artistic feature or shape of the product. Tenure is 15 years from date of registration.

The importance of protecting intellectual property

Your IP rights are important because they can:

- set your business apart from competitors
- be sold or licensed, providing an important revenue stream
- offer customers something new and different
- form an essential part of your marketing or branding
- be used as security for loans

7.1 Copyright Registration Process:

1. Form XIV (Including Statement of Particulars and Statement of Further Particulars) as prescribed in the first schedule to the Rules, is required to be filed.

The author has to wait for 30days after filing an application for the copyright registration along with complete details and copies.

2. The applications should be signed by the applicant or the advocate in whose favor a Vakalatnama or Power of Attorney has been executed. The Power of attorney which is accepted by the lawyer.

The Power of Attorney signed by the party and accepted by the advocate should also be enclosed.

3. The fee can be paid either in the form of Demand Draft, Indian Postal Order favoring "Registrar of Copyright Payable at New Delhi" or through E payment.

4. Generally, Copyright registration takes 2-3 months time for registering the copyright of any work in the normal course.

As I said copyright owner has to wait for a mandatory period of 30days. This waiting period is for any objection that can be filed in the copyright office against the work of the applicant. In case the objection is filed, then it may take one time more to ascertain whether the work can be registered or not. The opportunity of being heard is given to both the parties to ascertain the legality of copyright registration.

But in case no objection is filed within the said period, then the application is checked by the examiner formally and if he finds any lacuna in the application then he may raise the objections or may call for the extra documents.

After all these steps, Certificate of copyright registration is issued to the applicant.

7.2 Procedure for patent registration in India

Step 1: Write down the invention (idea or concept) with as much details as possible

Collect all the information about your invention such as:

- Area of invention
- Description of the invention what it does
- How does it work
- Advantages of the invention

Ideally, if you have worked on the invention during research and development phase you should have something call lab record duly signed with date by you and respective authority.

Step 2: include drawings, diagrams or sketches explaining working of invention

The drawings and diagrams should be designed so as to explain the working of the invention in better way with visual illustrations. They play an important role in patent application.

Step 3: check whether the invention is patentable subject matter

All inventions may not be patentable, as per Indian patent act there are certain inventions that are not patentable explained in detail in([inventions not patentable](#))

Step 4a: Patentability search

The next step would be finding out whether your invention meets all patentability criteria as per Indian patent act? That is,

- Novelty
- Non-obviousness
- Industrial application
- Enabling

The detailed explanation for patentability criteria is given here ([what are patentability criteria's](#)). The patentability opinion is provided by the patent professionals up on conducting extensive search and forming patentability report.

Step 4b: Decide whether to go ahead with patent

The patentability report and opinion helps you decide whether to go ahead with the patent or not, chances are what you thought as novel might already been patented or know to public in some form of information. Hence this reports saves lots of time, efforts and cost of the inventor by helping him decide whether to go ahead with the patent filing process or not.

Step 5: Draft (write) patent application

In case you are at very early stage in the research and development for your invention, then you can go for **provisional application**. It gives following benefits:

- Secures filing date
- 12 months of time to file complete specification
- Low cost

After filing provisional application, you secure the filing date which is very crucial in patent world. You get 12 months of time to come up with the complete specification, up on expiry of 12 months your patent application will be abandoned.

When you complete the required documents and your research work is at level where you can have prototype and experimental results to prove your inventive step you can file complete specification with patent application.

Filing the provisional specification is the optional step, if you are at the stage where you have complete information about your invention then you can directly go for complete specification.

Step 6: Publication of the application

Up on filing the complete specification along with application for patent, the application is published after 18 months of first filing.

An early publication request can be made along with prescribed fees if you do not wish to wait till the expiry of 18 months from the date of filing for publishing your patent application.

Generally the patent application is published within a month from request for early publication.

Step 7: Request for examination

The patent application is examined only after receiving request for examination that is RFE. Up on receiving this request the controller gives your patent application to a patent examiner who examines the patent application with different patentability criteria like:

- Patentable subject matter
- Novelty
- Non-obviousness
- Inventive step
- Industrial application
- Enabling

The examiner creates a first examination report of the patent application upon reviewing it for above terms. This is called patent prosecution. Everything happening to patent application before grant of patent is generally called as patent prosecution.

The first examination report submitted to controller by examiner generally contains prior arts (existing documents before the date of filing) which are similar to the claimed invention, and same is reported to patent applicant.

Step 8: respond to objections

Majority of patent applicants will receive some type of objections based on examination report. The best thing to do it analyse the examination report with patent professional (patent agent) and creating a response to the objections raised in the examination report.

This is a chance for an inventor to communicate his novelty over prior arts found in the examination report. The inventor and patent agent create and send a response to the examination that tries to prove to controller that his invention is indeed patentable and satisfies all patentability criteria's.

Step 9: clearing all objections

This communication between controller and patent applicant is to ensure that all objections raised in the patent application are resolved. (if not the patent will not be granted) and the inventor has his fair chance to prove his point and establish novelty and inventive step over existing prior arts.

Up on finding the patent application in order of grant, it is grant to the patent applicant as early as possible.

Step 10: Grant of patent

The application would be placed in order for grant once it is found to be meeting all patentability requirements. The grant of patent is notified in the patent journal which is published time to time.

7.3 Trademark Registration Process

- *Step 1: [Trademark Search](#)*

Many entrepreneurs do not comprehend the importance of a trademark search. Having a unique brand name in mind is not good enough reason to avoid a trademark search. Therefore, trademark search helps you to know if there are similar trademarks available and it gives you a fair picture of where your trademark stands, sometimes, it also gives you a forewarning of the possibility of trademark litigation. Why waste your money in time-consuming trademark litigation later when you can choose to avoid it in the first place?

- *Step 2: [Filing Trademark Application](#) in India*

After you are sure that your chosen brand name or logo is not listed in the [Trademark Registry India](#), you can opt for registering the same. The first step is to file a trademark application form at the Trademark Office, India. The Indian trademark offices are located at Chennai, Delhi, Mumbai, Kolkatta. Nowadays, filing is mostly done [online](#). Once the application is filed, an

official receipt is immediately issued for future reference. Further, you can see the [trademark status](#) of your application immediately online.

- ***Step 3: [TM Examination](#)***

After a trademark application is filed, it is examined by the examiner for any discrepancies. The examination might take around 12-18 months. The examiner might accept the trademark absolutely, conditionally or object.

If accepted unconditionally, the trademark gets published in the Trademark Journal. If not accepted unconditionally, the conditions to be fulfilled or the objections would be mentioned in the examination report and a month's time would be given to fulfill the conditions or response to the objections.

Once such response is accepted, the trademark is published in the Trademark Journal. If the response is not accepted, one can request a hearing. If in the hearing, the examiner feels that the trademark should be allowed registration, it proceeds for publication in the Trademark Journal.

- ***Step 4: [TM Publication](#)***

The step of publication is incorporated in the trademark registration procedure so that anyone who objects to the registering of the trademark has the opportunity to oppose the same. If, after 3-4 months from publication there is no opposition, the trademark proceeds for registration. In case there is opposition; there is a fair hearing and decision are given by the Registrar.

- ***Step 5: [Registration Certificate](#)***

Once the application proceeds for trademark registration, following publication in Trademark Journal, a registration certificate under the seal of the Trademark Office is issued.

- ***Step 6: [Trademark Renewal](#)***

The trademark can be renewed perpetually after every 10 years. Hence, your logo or brand name registration can be protected perpetually.

(As seen the above, the trademark registration process does not require much effort. It is a simple process but one which is nonetheless very important for brand name registration. We, at Intepat, can help you with the entire process of registration without you worrying about deadlines and responses. Hence, understand the power of your brand name registration and take steps in protecting it today.)

What Is a Copyright?

Copyright is a form of protection provided to the authors of “original works of authorship” including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. The 1976 Copyright Act generally gives the owner of copyright the exclusive right to reproduce the copyrighted work, to prepare derivative works, to distribute copies or phonorecords of the copyrighted work, to perform the copyrighted work publicly, or to display the copyrighted work publicly.

The copyright protects the form of expression rather than the subject matter of the writing. For example, a description of a machine could be copyrighted, but this would only prevent others from copying the description; it would not prevent others from writing a description of their own or from making and using the machine. Copyrights are registered by the Copyright Office of the Library of Congress.

What Is a Trademark or Servicemark?

A trademark is a word, name, symbol or device which is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. A servicemark is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product. The terms “trademark” and “mark” are commonly used to refer to both trademarks and servicemarks.

Trademark rights may be used to prevent others from using a confusingly similar mark, but not to prevent others from making the same goods or from selling the same goods or services under a clearly different mark. Trademarks which are used in interstate or foreign commerce may be registered with the Patent and Trademark Office. The registration procedure for trademarks and general information concerning trademarks is described in a separate pamphlet entitled “Basic Facts about Trademarks”.

What Is a Patent?

A patent for an invention is the grant of a property right to the inventor, issued by the Patent and Trademark Office. The term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees. US patent grants are effective only within the US, US territories, and US possessions.

The right conferred by the patent grant is, in the language of the statute and of the grant itself, “the right to exclude others from making, using, offering for sale, or selling” the invention in the United States or “importing” the invention into the United States. What is granted is not the right to make, use, offer for sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention.