



## 16

# INTELLECTUAL PROPERTY LAWS

*N S Gopalakrishnan\**

### I INTRODUCTION

THE INCREASING importance of protecting intellectual property rights to control the market monopoly is evidenced from the nature of litigations that reached the courts during the period of survey. It is invigorating to note that the courts are increasingly becoming conscious of the need to protect the public interest while providing reasonable monopoly to encourage investment and innovation. The decision of the Madras High Court in *Novartis* upholding the constitutional validity of amendments introduced in the Patents Act, 1970 in the area of pharmaceuticals on the ground of public interest in access to life saving drugs is worth noting. The refusal of the Delhi High Court to grant injunction in *Dart* alleging design violation using different categories of intellectual property like design, copyright, trade dress, passing off is also indicative of the effort of the court to prevent the attempt of the owners of the intellectual property to enjoy monopoly in perpetuity. The decision in *India TV*, again from the Delhi High Court asserting jurisdiction of the courts on foreign defendants who has an active presence in the Indian market shows the openness of the court to incorporate new principles to make enforcement of intellectual property rights more effective. The restrictions imposed on granting of *ex parte* temporary injunction for the patent infringement suit and the need for awarding punitive damages in case of blatant infringement of intellectual property rights are contributions worth mentioning.

### II TRADEMARK

Though the number of disputes that reach different high courts relating to trademark violation continues to be on the increase, there are only very limited areas where the courts applied new interpretations or principles while deciding the cases. The most interesting is the principles identified for asserting jurisdiction of Indian courts to make foreigners submit to its jurisdiction particularly in case of violation of domain names.

\* Professor, HRD Chair on IPR, Centre for IPR Studies, School of Legal Studies, Cochin University of Science & Technology, Cochin – 682022, Kerala, India.

**Passing off — use of slogan as trademark**

In *Reebok India Co. v. Gomzi Active*<sup>1</sup> the Karnataka High Court examined the scope of protection of a slogan used along with the trademark. In this case the plaintiff (respondent) started using the slogan “I am what I am” along with their trademark “GOMZEE” for garments since 1998. The defendants (appellant) used the same slogan with their trademark “REEBOK” for footwear in 2005. The plaintiff filed a suit for infringement of the trademark in the slogan and the trial court, though concluded that the slogan is not a trademark, granted temporary injunction since the plaintiff was using the same for a long time. This was challenged by the defendant in the high court alleging that the slogan is not distinctive, unregistered and did not acquire any secondary meaning. It was further contended that there was no evidence of investment to promote the slogan so as to acquire a secondary meaning. Accepting these arguments the high court set aside the order of temporary injunction granted by the trial court and observed thus:<sup>2</sup>

In the facts of the present case, it cannot also be stated, at this stage, that the consumers of the plaintiff are misled in identifying its products and they are deceived by the alleged piracy and the alleged use of the trade slogan by the REEBOK INDIA COMPANY... While the plaintiff is operating under the registered trademark ‘GOMZEE’, the defendants have the registered trademark ‘REEBOK’ with a sign. By the mere use of the common phrase and expression “I AM WHAT I AM” it cannot be said that a customer with reasonable prudence and circumspection would be misled to purchase the products manufactured by the defendants mistaking them for the products manufactured by the plaintiff. Whether there is, prima facie, any deception resulting in passing off and consequent loss or likelihood of damage to the plaintiff, is not forthcoming.....

This reasoning based on facts was approved by the Supreme Court on appeal and directed the trial court to dispose of the case within two months.<sup>3</sup> The courts followed the basic principles of passing off in deciding this case. It was the failure to adduce adequate evidence showing that the slogan had acquired a secondary meaning that prevented the courts from granting injunction. Thus, the decision gives an impression that slogan could form part of trademark provided it acquires a secondary meaning.

**Passing off of design**

In *Dart Industries Inc. & Another v. Techno Plast & Others*,<sup>4</sup> the Delhi

1 2007 (34) PTC 164 (Kar).

2 *Id.* at 170.

3 See *Gomzi Active v. Reebok India Co. & Another*, 2007 (34) PTC 161 (SC).

4 2007 (35) PTC 129 (Del). See also *Dabur India Ltd., v. Amit Jain & Anr.*, 2007 (35) PTC 257 (Del).



High Court reiterated its earlier stand<sup>5</sup> that there is no passing off remedy for a design that is capable of protection under the Design Act, 2000. The plaintiff in this case alleged the infringement of the design registered in India. The product of the plaintiff known as “Tupperware” is world famous for its quality, technology etc. It was alleged that the defendants used the same design for its products known as “Signoware”. The suit is for infringement of registered design, copyright, trade dress and passing off. On the issue of violation of trade dress and passing off the defendant argued that there was no violation since the name used for the product is substantially different from the new getup. After examining the evidence the court concluded thus:<sup>6</sup>

Therefore, the defendants were, at the most, puffing up their product by alleging that they were of the same quality as Tupperware Products and selling at half the rate. Thus they have not created or tried to create any confusion but have clearly told that they were selling their own product which is represented to be as good as that of plaintiff products. The question of passing off, therefore, would not arise. The Latin maxim “Caveat Emptor” meaning let the buyer beware would, therefore apply. It was not the case of the plaintiff nor could it be that the trade names of the two products have no commonality as the plaintiffs’ products are sold under the trade name of ‘Tupperware’, whereas the defendants’ trade name is ‘Signoware’....

Regarding the question whether passing off remedy is available to design which is no more protected under the Design Act the court left open the issue and made the following passing observation:<sup>7</sup>

There would be another interesting question for determination if the design is no more protected under the Design Act and is now in public domain, whether passing off action would be maintainable. In view of such question and coupled with the facts that there are certain aspects which will have to be settled through evidence, it may not be a case for injunction.<sup>7</sup>

It is true that the court has not decided this issue. But it is important to remember that the idea of Design Act is to keep the design in the public domain after the monopoly is over. The right created for the design is a statutory one and not based on common law principles. Hence the extension

5 *M/s. Smithkline Beechem Plc. & Ors v. M/s. Hindustan Lever Ltd.*, 2000 PTC 83 (Del.). For comments see N.S. Gopalakrishnan, “Intellectual Property Laws”, 36 ASIL, 339, 2000 at 360-61.

6 2007 (35) PTC 129 (Del) at 158.

7 *Ibid.*



of passing off remedy to designs that are in the public domain would result in creating perpetual monopoly defeating the very object of statutory law. The court's awareness of this appears to be reason for its refusal to apply the principles of passing off.

**Jurisdiction in case of domain name dispute**

In *(India TV) Independent News Service Pvt. Ltd., v. India Broadcast Live LLC & Others*<sup>8</sup> the Delhi High Court laid down the principles based on which a foreign defendant could be subjected to Indian jurisdiction in case of domain name disputes. India TV is a Hindi news channel started in 2004 and the mark and name is very popular and well known in India. Defendants based in US registered the domain name "indiatvlive.com" for news services. Though operated from US the activities of the web is directed to Indian population. The website facilitates the Indians to watch news from India. The plaintiff filed a suit for infringement and passing off of the trademark. Notice was issued to the defendants. In the meanwhile the defendants filed a suit against the plaintiff in Arizona and notice was issued in India. Before the Delhi High Court the plaintiff argued for the issue of anti suit injunction and the defendants questioned the jurisdiction of the Delhi High Court to entertain the suit since the defendant is not in India and also raised the issue of forum non convenience. On the issue of jurisdiction it was argued by the plaintiff that since the operation of the defendant is aimed at Indian population there is an active presence of the defendant within the jurisdiction of the court and hence the suit can be maintained. After referring to US cases<sup>9</sup> on the issue the court observed thus:<sup>10</sup>

I am in agreement with the proposition that the mere fact that a website is accessible in a particular place may not itself be sufficient for the courts of that place to exercise personal jurisdiction over the owners of the website. However, where the website is not merely 'passive' but is interactive permitting the browser to not only access the contents thereof but also subscribe to the services provided by the owner/operators, the position would be different ...

In the present case, the website "indiatvlive.com" of defendant No.1 is not wholly of a 'passive' character. It has a specific section for subscription to its services and the options (provided in the website itself) for the countries whose residents can subscribe to the services include India. The services provided by defendant No.1 can

8 2007 (35) PTC 177 (Del). On jurisdiction based on the plea of 'demurror' see *Kensoft Infotech Ltd., v. R.S. Krishnaswami & Co.*, 2007 (35) PTC 627 (Del).

9 The court relied on *Cyber Sell Inc., v. Cybersell Inc.*, No – 96-17087 DC No. CV 96-0089-EHC US 9th Circuit CA; *Panavision International Ltd., v. Dennis Toppen, Network Sol*, DC No. CV. 96-03284 DDP; *Compuserve Inc., v. Patterson*, 89 F.3d. 1257 (6th Cir. 1996).



thus be subscribed to and available in Delhi (India) i.e., within the jurisdiction of this Court...<sup>10</sup>

The court also rejected the argument of forum non convenience and prevented the defendants from proceeding with the suit filed in Arizona.<sup>11</sup> The approach adopted by the court is welcome and would enable the Indian companies to protect their trademarks from being abused by foreign corporations to do internet business with Indian consumers.

#### Other areas

There are several judgments in areas like well known marks,<sup>12</sup> advertisement,<sup>13</sup> registrable marks<sup>14</sup> etc., following the settled principles.

### III PATENT

In *Novartis AG v. Union of India and others*<sup>15</sup> the Madras High Court examined the constitutional validity of section 3(d)<sup>16</sup> of the Patents Act, 1970. In this case the petitioner a foreign company along with its Indian subsidiary challenged the constitutional validity of the amended section 3(d) of the Patents Act on the ground that it violates article 14 of the

10 2007 (35) PTC 177 at 196-97.

11 The Court observed: "In determining whether a more appropriate forum exists, connecting factors, such as those affecting the convenience of parties, expenses involved and the law governing the relevant transactions are to be looked into. The mere fact that a part of the cause of action has arisen within the jurisdiction of the court may itself not be considered to be a determinative factor compelling the court to decide the matter on merits. In determining which of the available forums is the forum convenience in a given matter, the convenience of all the parties has to be seen". *Id.* at 200 -01.

12 *Carrefour v. V. Subbaraman*, 2007 (35) PTC 225 (Mad.); *Canon Kabushiki Kaisha v. B. Mahajan*, 2007 (35) PTC 265 (Del); *Raymond Ltd., v. Raymond Pharmaceutical Pvt. Ltd.*, 2007 (35) PTC 334 (Bom.).

13 *Eureka Forbes Ltd., v. Pentair Water Indai Pvt. Ltd.*, 2007 (35) PTC 556 (Kar.); *Reckitt Benckiser (India) Ltd., v. Cavin Kare Pvt. Ltd.*, 2007 (35) PTC 317 (Del).

14 *Rajinder Kumar Aggarwal v. Union of India*, 2007 (35) PCT 616 (Del).

15 W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007. The petitioner in this case filed a product patent for its invention and the same was rejected by the Patent Office on the ground that it is not a patentable invention as per section 3(d) of the Patent Act. This order was challenged before the High Court including a challenge on the constitutionality of the section. While the case was pending the petition challenging the order of the Controller of Patent was transferred to the Intellectual Property Tribunal. Hence the present writ is confined to the constitutional issues.

16 S. 3(d) reads: "The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Explanation: For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy."



Constitution and also that the provision is not in conformity with the TRIPS obligations. The petitions were filed by Novartis AG when the product patent application for its invention of the drug (Beta Crystalline form of Imatinib Mesylate) that took place in Switzerland was rejected by the Controller of Patents based on section 3(d). It was contended by the petitioner that by introducing the amendment with its explanation the Union of India has violated its obligation to satisfy the mandate under article 27<sup>17</sup> of the TRIPS Agreement. It was specifically contended that the additional requirement to establish that the discovery of new form of known substance involves the enhancement of the known efficacy to claim patent protection is in violation of TRIPS obligation. It was further argued that in case the court refuses to invalidate the section the petitioner is entitled to a declaratory judgment that the section is in violation of article 27. The respondents countered these by submitting that remedy for the petitioners for failure of a nation in satisfying the obligation under TRIPS is to file a dispute before the dispute settlement body under the WTO. Since such a remedy is provided under article 64 of the TRIPS Agreement it is not possible for them to challenge the same before the domestic court.<sup>18</sup> Based on the foreign judgments<sup>19</sup> it was further contended that the Indian courts have no jurisdiction to examine the validity of the domestic law based on treaty obligations. Accepting the arguments of the respondents based on the decision of *Salomon* and distinguishing the judgment of the House of Lords in *Equal Opportunities Commission & Another v. Secretary of State for Employment*<sup>20</sup> on facts the court concluded thus:<sup>21</sup>

17 Article 27(1) reads: "Subject to the provisions of paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced".

18 The court identified the following issues: (a) Assuming that the amended section is in clear breach of Article 27 of "TRIPS" and thereby suffers the vice of irrationality and arbitrariness violating Article 14 of the Constitution of India, could the courts in India have jurisdiction to test the validity of the amended section in the backdrop of such alleged violation of "TRIPS"? or Even if the amended section cannot be struck down by this court for the reasons stated above, cannot this court grant a declaratory relief that the amended section is not in compliance of Article 27 of "TRIPS"? (b) If it is held that courts in India have jurisdiction to go into the above referred to issue, then, is the amended section compatible or non-compatible to Article 27 of "TRIPS"? and (c) Dehors issues (a) and (b) referred to above, could the amended section be held to be violative of Article 14 of the Constitution of India on the ground of vagueness, arbitrariness and conferring un-canalised powers on the Statutory Authority?

19 *Salomon v. Customs and Excise Commissioners*, [1966]3 All ER 871; *Ellerman Lines, Ltd. v. Murray; Head Money Case*, 112 US 580.

20 [1994]1 All ER 910 (HL).

21 W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007at para 7.



The ... English Judge, in the latter portion of his judgment, had reiterated that *Ellerman Lines Limited's case* is the authority for the proposition that when a domestic law is challenged on the ground of it being in violation of an International Treaty, domestic courts would have no jurisdiction. In our considered opinion, this is the direct judgment on the point. We have already noted that the judgment in *Equal Opportunities Commission case* is distinguishable on facts.

The court is correct in following this approach. Countries always have the freedom to commit breach since international agreements are contractual in nature.<sup>22</sup> Agreement establishing WTO also leaves intact this freedom of the parties to commit a breach. Since an international agreement cannot be treated on par with law, non-compliance with TRIPS Agreement will only entail the party who commits breach to suffer the consequences.<sup>23</sup> The member state has the option to retain in their domestic law the provisions that were found by the Dispute Settlement Body (DSB) as not in compliance with TRIPS and compensate the aggrieved parties. The best example is the dispute between the EC and US on the amendments introduced in the Copyright Act of US.<sup>24</sup> US refused to change the domestic law on the ground of public interest even after the DSB found it against TRIPS obligation and opted to pay compensation to EC for the loss.<sup>25</sup> Hence it is the choice of the country to make this policy decision and the court took a correct approach in not interfering with this policy choice.

After examining the provisions available for dispute settlement under the TRIPS and the WTO Agreement the court further observed:<sup>26</sup>

When such a comprehensive dispute settlement mechanism is provided as indicated above and when it cannot be disputed that it is binding on the member States, we see no reason at all as to why the petitioner, which itself is a part of that member State, should not be

22 In this context the court based on the decision of the US Supreme Court in *Head Money cases*, 112 U.S. 580, observed thus: "Even otherwise, we are of the considered view that in whichever manner one may name it namely, International Covenant, International Treaty, International Agreement and so on and so forth, yet, such documents are essentially in the nature of a contract" *Id.*, para 8.

23 See Article 22, Understanding on Rules and Procedures Governing the Settlement of Disputes, *The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations*, WTO, Annex 2.

24 For details see *United States – Section 110(5) of the US Copyright Act*, WT/DS160/R, 27 July 2000.

25 For details see *United States – Section 110(5) of the US Copyright Act – Recourse by the European Communities to Article 22.2 of the DSU*, WT/DS160/19 (Jan 11, 2002). For an analysis of the problems of retaliation see Thomas Sebastian, "World Trade Organization Remedies and the Assessment of Proportionality: Equivalence and Appropriateness" *Harvard International Law Journal*, Volume 48, No.2, 337 (Summer 2007).

26 W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007at para 8.



directed to have the dispute resolved under the dispute settlement mechanism referred to above.... As we began saying that any International Agreement possesses the basic nature of an ordinary contract and when courts respect the choice of jurisdiction fixed under such ordinary contract, we see no compelling reasons to deviate from such judicial approach when we consider the choice of forum arrived at in International Treaties. Since we have held that this court has no jurisdiction to decide the validity of the amended section, being in violation of Article 27 of “TRIPS”, we are not going into the question whether any individual is conferred with an enforceable right under “TRIPS” or not. For the same reason, we also hold that we are not deciding issue No.(b), namely, whether the amended section is compatible to Article 27 of “TRIPS” or not.

The reasoning of the court that the party before it, i.e., Novartis, has the option to settle the dispute under TRIPS is not correct. As per the present Dispute Settlement Understanding (DSU) rules private individuals are not permitted to raise a dispute against a member state before it. Only member states have the right to raise the dispute.<sup>27</sup> Thus, in this case since Novartis AG is from Switzerland only the Switzerland government can go to the DSB against the Indian law and not Novartis AG. But if the Switzerland Government decides not to file the dispute against India in the DSB then according to the court Novartis AG has no remedy if the Indian law is not in compliance with TRIPS. The court also avoided the examination of the question on what circumstances an aggrieved foreign inventor could challenge the validity of the provisions of the Indian Patents Act for not complying with the provisions of the TRIPS Agreement.

In this context it is worth examining whether it is possible for the court to follow the same approach if the parties before it are Indian citizens or corporations registered in India (Indian or foreign) whose patent application based on an invention that took place in India was rejected on similar ground. In such cases it may be possible for the parties, instead of challenging the failure of Government of India to satisfy the international treaty obligations, to argue that their constitutional right to property is denied by section 3(d) because the law is not in compliance with the TRIPS obligation. It is worth noting that the Indian Supreme Court, in similar circumstances, took the assistance of the provisions in the international treaties to which India is a party in interpreting the provisions of Indian laws to find out the scope of the rights of the aggrieved parties. The decisions of *Jolly George Varghese*,<sup>28</sup>

27 See generally, Understanding on Rules and Procedures Governing the Settlement of Disputes, *The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations*, WTC, Annex 2.

28 *Jolly George Varghese v. Bank of Cochin*, AIR 1980 SC 470. The Supreme Court relied on Article 11 of ICCPR to interpret section 51 of the Civil Procedure Code.





*Gramophone Company of India*,<sup>29</sup> *Nilabati Behera*,<sup>30</sup> *Vishaka*<sup>31</sup> etc., reflect this trend of the Supreme Court.<sup>32</sup> This may compel the court to examine the nature of the obligations under article 27 of TRIPS and decide the scope of section 3(d) and answer the issues left open by the court in this case. If the court has to justify section 3(d) it has to conclude that the law is in conformity with TRIPS since Parliament used the available flexibilities and there is no discrimination. In fact the nature of the challenge in the present case enabled the court technically to avoid deciding the very crucial issue as to whether Indian law is in tune with the TRIPS obligation.

The important obligation under article 27 is to provide product or process patent for an invention provided it satisfies the three requirements of “new, involve an inventive step and capable of industrial application”. The mandate is not to discriminate the invention based on a particular field of technology. This means that the member states cannot deny patent to an invention in a particular field of technology if it satisfies the three tests. The three tests enable a member state to determine the level of inventiveness necessary to qualify an invention to treat it as patentable. This freedom is left open to the countries by not defining the content of the three tests in article 27. It is well accepted that countries follow different approaches to ensure that the application of the three tests facilitate the progress of science and technology on the one side and the developmental needs and maintaining of a competitive industrial environment to protect the larger public interest of the nation. If one examines the approach followed by the Indian Parliament it is evident that the amendments were introduced to keep the law within article 27 of the TRIPS Agreement while protecting the public interest.

It is interesting to note that the amendment introduced to the definition of invention in section 2(j) of the Patents Act was to specifically include the three tests and make it in line with article 27.<sup>33</sup> All these terms are further defined to make the legislative intent clear as to the standard of inventiveness to be followed in India. The introduction of the definitions of new invention,<sup>34</sup>

29 *Gramophone Company of India v. Birendra Bahadur Pandey*, AIR 1984 SC 667. The Supreme Court relied on the Berne Convention to interpret the provision of sections 51 and 53 of the Copyright Act.

30 *Nilabati Behera v. State of Orissa*, AIR 1993 SC 1960. The Supreme Court relied on Article 9(5) of ICCPR to award compensation to the victims of police violence to enforce the fundamental rights.

31 *Vishaka v. State of Rajasthan*, AIR 1997 SC 3011.

32 For a detailed analysis of the cases on human rights see P.S. Seema, “Incorporation of International Human Rights Documents into Indian Law- Response of the Supreme Court”, [2006] CULR 1.

33 S. 2(j) reads: “invention means a new product or process involving an inventive step and capable of industrial application”. (Amended in 2002).

34 S. 2(l) reads: ‘(l) “new invention” means any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e. the subject matter has not fallen in public domain or that it does not form part of the state of the art’ (Introduced in 2005).



inventive step<sup>35</sup> and capable of industrial application<sup>36</sup> are indicative of this. It is the definition of inventive step that is very crucial in determining the level of inventiveness. The definition insists on ‘technical advance’ or ‘economic significance’ or both in the features of the invention and demands that it is ‘not obvious to a person skilled in the art’. Though these terms are not defined one could locate legislative guidelines to find out the scope and content of these terms from some of the provisions in section 3 of the Act which declare that certain inventions are not patentable. The exclusion of inventions that are frivolous,<sup>37</sup> discoveries,<sup>38</sup> new use of a known substance,<sup>39</sup> admixture resulting only in aggregation of properties of the components,<sup>40</sup> mere arrangement or re-arrangement,<sup>41</sup> traditional knowledge<sup>42</sup> etc., from patent protection is indicative of the guidelines. An examination of these provisions makes it clear that these inventions are linked to the requirement of novelty or inventive step. All these provisions are not confined to any specific field of technology. Irrespective of the field of technology if an invention falls within the scope of these provisions then it is treated as not inventions for grant of patent because it lacks novelty or inventive step or both. Thus, if one reads the definitions in section 2 together with provisions in section 3, they clearly reflect the legislative intent to insisting for a higher standard for an invention to qualify for patent protection. This is also in accordance with the standard laid down by the Supreme Court in *Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*.<sup>43</sup> Examining the question when an improvement of an existing technology will attract patent protection in India the court observed:<sup>44</sup>

It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a

- 35 S. 2(j)(a) reads: “inventive step” means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art” (Introduced in 2005).
- 36 S. 2(a (c)) reads: “capable of industrial application in relation to an invention means that the invention is capable of being made or used in an industry” (Introduced in 2002).
- 37 S. 2(a) reads: “an invention which is frivolous or which claims anything obvious contrary to well established natural laws”.
- 38 S. 3 (c) reads: “the mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or non-living substance occurring in nature”
- 39 S. 3(d).
- 40 S. 3(e) reads: “a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance”.
- 41 S. 3(f) reads: “the mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way”
- 42 S. 3(p) reads: “an invention which in effect is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components”.
- 43 (1979) 2 SCC 511.
- 44 *Id.* at 518 (emphasis added).
- 45 *Id.* at 519 (emphasis added).



mere workshop improvement; and must independently satisfy the test of invention or an “inventive step”. *To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before.*

Regarding the standard of inventive step, quoting from Encyclopedia Britannica, the court further observed:<sup>45</sup>

A patentable invention, therefore, must involve something which is outside the probable capacity of a craftsman — which is expressed by saying it must have ‘subject-matter’ or involve an ‘inventive step.

The expression “does not involve any inventive step” used in Section 26(1) (e) of the Act and its equivalent word “obvious”, have acquired special significance in the terminology of patent law. The “*obviousness*” *has to be strictly and objectively judged.*

This makes it clear that the amendments introduced in the Act set the standards of patentable subject matter in India exercising the flexibility available in article 27 of TRIPS. There is no discrimination based on field of technology. The standard is uniformly applicable to all inventions. Hence there is no discrimination on recognition of the right to patent based on different fields of technology. The Madras High Court could have utilized the opportunity to examine this framework of the Patents Act and clarified the position. It appears that the court refrained from doing this exercise since the petitioner could not claim any benefit in India and being a sensitive issue that may lead to international implication. This is evident from the stand taken by the court on issuing declaratory relief.

It was argued by the petitioner that assuming that the court has no power to strike down section 3(d) as violative of article 27 of the TRIPS Agreement the court is competent to issue a declaratory relief that the section is not in compliance with article 27. After referring to various decisions<sup>46</sup> of the Supreme Court on the power to grant declaratory relief and specifically relying on *Katakis v. Union of India*<sup>47</sup> the court opined:<sup>48</sup>

<sup>46</sup> *Rashid Ahmed v. Municipal Board*, AIR 1950 SC 163; *Kairana Charanjit Lal v. Union of India*, AIR 1951 SC 41; *Basappa v. T. Nagappa*, AIR 1954 SC 440; *Ebrahim Vadir Mavat v. State of Bombay*, AIR 1954 SC 229; *K.K.Kochunni v. State of Madras*, AIR 1959 SC 725; *S.G.Films Exchange v. Brijnath Singhji*, AIR 1975 SC 1810; *Vaish Degree College v. Lakshmi Narain*, AIR 1976 SC 888. Regarding the power to issue declaratory judgment the court observed: “Therefore it is clear that when an enactment infringes the fundamental rights and a challenge is made to that on that ground, the Hon’ble Supreme Court of India had said that it should not hesitate to grant a declaratory relief under Article 32 of the Constitution of India”. W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007 at para 9.

<sup>47</sup> W.P.No.54/68 dated 28.10.1968 (unreported).

<sup>48</sup> W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007 at para 9 (emphasis added).

<sup>49</sup> See Article XXIV:12 of GATT 1994 read: “The provisions of Articles XXII and XXIII of



We thought what will happen if a declaratory relief is given as asked for, assuming for a moment that we have the jurisdiction. It is a settled position in law that nobody can compel the Parliament to enact a Law. If that is the position, then, assuming that we give a declaration as prayed for namely, the amended provision is not in the discharge of India's obligation under Article 27 of "TRIPS", even then, we fail to see for what use the petitioner can put it. Even if a consequential relief is not asked for, courts have held, depending upon the facts available in each case, that a declaratory relief could be granted, provided, it is shown that such a declaratory relief would be a stepping stone to claim relief at some other stage. Having that in our mind, when we again thought aloud as to what use to which such a declaratory relief, if granted to the petitioner, could be put to and we find that there is no scope at all to put in use the declaratory relief, if granted, at a later point of time. In other words, the declaratory relief, even if granted, would be only on paper, on the basis of which, the *petitioner cannot claim any further relief in the Indian courts.*

It is true that the petitioner has no value of a declaratory judgment in Indian courts. But it is to be noted that as per the rules of the dispute settlement understanding of the WTO the member states have the right to question the declaratory judgments given by a national court in the dispute settlement body.<sup>49</sup> The court by denying the declaratory relief intelligently prevented the international organization from sitting in judgment of the validity of Indian judgment. This is a laudable approach adopted by the court.

The petitioner also argued that the section is violative of article 14 of the Constitution since it is vague, arbitrary and confers uncanalised powers on the patent controller. It was very specifically contended that it is the obligation under section 3(d) to find out "enhancement of the known efficacy" without any specific guidelines that results in violation of article 14. It was further contended that the deeming provision in the explanation that all derivatives are not invention unless the derivatives "differ significantly in properties with regard to efficacy" is also vague and ambiguous. According to the petitioner this gives unguided discretion to the patent controller which may result in exercise of power according to his whims and fancies. The petitioner was of the view that this provision was not in the Ordinance and was introduced as an amendment in Parliament to prevent "ever-greening" with specific reference to drugs to protect the public interest in a hurry without proper application of mind. After referring to the meaning of the words used in the section and the manner in which research is undertaken in

GATT 1994 as elaborated and applied by the Dispute Settlement Understanding may be invoked in respect of measures affecting its observance taken by regional or local governments or *authorities within the territory* of a Member. ...." (emphasis added).

50 W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007 at para 13.



the field of pharmaceuticals the court rejected the argument of vagueness and observed thus:<sup>50</sup>

Going by the meaning for the word “efficacy” and “therapeutic” extracted above, what the patent applicant is expected to show is, how effective the new discovery made would be in healing a disease / having a good effect on the body? In other words, the patent applicant is definitely aware as to what is the “therapeutic effect” of the drug for which he had already got a patent and what is the difference between the therapeutic effect of the patented drug and the drug in respect of which patent is asked for. Therefore it is a simple exercise of, though preceded by research, - we state - for any patent applicant to place on record what is the therapeutic effect / efficacy of a known substance and what is the enhancement in that known efficacy.

The court also held that there is no discrimination as to the field of technology and further observed:<sup>51</sup>

The amended section not only covers the field of pharmacology but also the other fields. As we could see from the amended section, it is made applicable to even machine, apparatus or known process with a rider that mere use of a known process is not an invention unless such a known process results in a new product or employs at least one new reactant. Therefore the amended Section is a comprehensive provision covering all fields of technology, including the field of pharmacology. In our opinion, the explanation would come in aid only to understand what is meant by the expression “resulting in the enhancement of a known efficacy” in the amended section and therefore we have no doubt at all that the Explanation would operate only when discovery is made in the pharmacology field.

The court also after examining the law relating to delegation of powers and various procedures available in the Patents Act for granting of patents concluded that section 3(d) has guidelines to regulate the power of the patent controller and observed thus:<sup>52</sup>

We reiterate here at this stage that the amended section with its Explanation is capable of being understood and worked out in a normal manner not only by the patent applicant but also by the Patent

51 *Ibid.*

52 W.P. Nos.24759 and 24760 of 2006, decided on 06.08.2007 at para 16.

53 2007 (34) PTC 419 (Del).



Controller. In other words, the Patent Controller would be guided by various relevant details which every patent applicant is expected to produce before him showing that the new discovery had resulted in the enhancement of the known efficacy; the derivatives differ significantly in properties with regard to efficacy and therefore it cannot be said that the Patent Controller had an uncanalised power to exercise, leading to arbitrariness. The argument that the amended section must be held to be bad in Law since for want of guidelines it gives scope to the Statutory Authority to exercise its power arbitrarily, has to be necessarily rejected since, we find that there are in-built materials in the amended section and the Explanation itself, which would control / guide the discretion to be exercised by the Statutory Authority. In other words, the Statutory Authority would be definitely guided by the materials to be placed before it for arriving at a decision.

The court is justified in reaching this conclusion. It appears that it was public interest in access to life saving drugs at affordable cost that persuaded Parliament to introduce the amendment to prevent 'ever-greening' of patents. And this also had a significant influence on the court rejecting this petition.

#### Temporary injunction

The Delhi High Court in *Bilcare Ltd. v. Amartara Pvt. Ltd.*,<sup>53</sup> penalized the plaintiff by directing it to pay Rs. 50,000/- as cost to the defendant for obtaining an *ex parte* interim injunction for infringement of patent by misleading the court. In this case the plaintiff registered an invention in 2004 for a process to make blister films that is used for packing pharmaceuticals with the special features to prevent moisture. The plaintiff filed the present suit alleging that the defendants were making the same film infringing the process patent and obtained an *ex parte* interim injunction. The defendants filed the counter and brought to the notice of the court that the petition for revocation of the patent is pending and there is evidence to show that the invention lacks novelty. It was also established that the plaintiff was sourcing the material used for making the film from a company in Taiwan. According to the defendant, these material facts were suppressed by the plaintiff while seeking *ex parte* interim injunction. Accepting the arguments of the defendants the temporary injunction was revoked awarding cost. The court opined:<sup>54</sup>

The result of the above said is that the plaintiff failed to make out a prima facie case for the continuation of the interim injunction on account of what has been discussed hereinabove. In fact the *ex parte*

<sup>54</sup> *Id.* at 443.

<sup>55</sup> See *Bilcare Ltd. v. Supreme Industries Ltd.*, 2007 (34) PTC 444 (Del).



injunction has resulted in loss to the defendant and the injunction has been obtained by not disclosing the complete facts including the important aspect of the plaintiff sourcing the material through Nan Ya Plastic Corporation, Taiwan.

The patent was granted recently and the objections to the same are pending post grant. The balance of convenience is in fact in favour of the vacation of the injunction and any continuation of the injunction would cause loss to the defendant and not to the plaintiff. The plaintiff can be protected by directing the defendants to keep accounts of the sale of the film in question during the pendency of the suit and filing the same on the quarterly basis with copy to the plaintiff. ... Defendant is also entitled to cost of Rs.50,000/-

It is interesting to note that another bench of the Delhi High Court on the same date refused injunction to the same plaintiff on the same facts against another defendant. This was an appeal against the order of trial court refusing temporary injunction to the plaintiff for the violation of the same patent by another defendant.<sup>55</sup>

The problem of issuing *ex parte* interim injunction in case of infringement of patent was also addressed by the Madras High Court in *FDC Limited & Ors. v. Sanjeev Khandelwal*,<sup>56</sup> and issued guidelines to be followed in such cases. In this case the plaintiff filed a suit for infringement of patent and trademark in the district court of Thiruvallur. The court issued an *ex parte* ad interim injunction for a period of one month. In a revision petition before the high court the defendants alleged that the injunction order was issued without considering the fact that the defendants are doing business in Bombay and Delhi. The only person who is staying within the local jurisdiction is the owner of the local medical shop where the products are sold. It was also alleged that there was no evidence on record to show infringement of patent including technical analysis of the alleged product. The defendants further contended that the patent is invalid and the plaintiff has produced only the copy of the registration certificate and not the original. It was further argued that since the patent is not renewed the certificate cannot be treated as valid. Evidence was also produced to show that the application for patent in US and EU by the plaintiff was rejected. They also submitted that the order forced them to stop the manufacturing activity throughout the country resulting in loss of business and job for the workers. Regarding the issue of jurisdiction for grant of temporary injunction it was specifically argued that retail sale of the product should not be considered for asserting jurisdiction. The high court on examination of the evidence found that the allegations of defendants were correct and revoked the temporary injunction and directed the trial court to reconsider

56 2007 (35) PTC 436 (Mad).

57 *Id.* at 446, 447 (emphasis added).



the evidence. The court also issued the following guidelines to be followed by the trial courts while granting *ex parte* ad interim injunction:<sup>57</sup>

1. Where the plaintiff and the primary defendant are residing outside the State and their identity, address etc., are easily known;
2. Where sales of the offending products are not on a commercial scale;
3. If the grant of interim injunction is going to result in closure operation/business of the defendant; if the *ex parte* injunction has an all India operation and not just within the State;
4. Where the dispute involves patent/trademark issues, the trial court should carefully peruse the certificate, offending marks etc.,
5. An *ex parte* injunction should not be granted in cases where no evidence or proof of infringement has been filed by the plaintiff;
6. In patent cases, the trial court has to carefully note the distinction between a product patent and process patent. If the plaintiff alleges violation of process patent, then *ex parte* injunction should not be granted unless the plaintiff has adduced the evidence of an independent scientist/ other technical expert who has tested the plaintiff's and defendant's product and arrived at an independent finding as to the identity of the process used. *In process patent cases opportunity must be given to the defendant to explain how their process does not constitute infringement within the meaning of Section 104A of the Patent Act.*

The above cases make it clear that there is a need for judicial restraint in granting of *ex parte* ad interim injunction in case of patent infringement suits. Since the issue involved is too technical and the consequences of the order are considerable the liberal attitude of the courts in granting *ex parte* ad interim injunctions in case of civil litigation if followed in case of patent infringement would prove to be disastrous. It is significant to note that courts in England<sup>58</sup> and US<sup>59</sup> grant temporary injunction only in exceptional cases that too after hearing both parties. It is true that there is no legislative mandate in India like in the US and England to issue notice to the opposite party before issuing temporary injunction. But it is worth following this approach by our courts to prevent the abuse of the process by the plaintiff.

58 The rule is that notice must be served on the defendant at least three clear days before the hearing. See Civil Procedure Rule 23.7(1)(b).

59 "No preliminary injunction shall be issued without notice to the adverse party". See Fed. R. Civil Procedure Rule 65(a)(2). For grant of temporary injunction see *Reebok International Ltd., v. J. Baker, Inc.*, F.3d 1552, 31 USPQ2d 1781 (Fed. Cir. 1994). For details see Donald S. Chisum, *Chisum on Patent*, Vol. 7, 20 – 659-761 (Lexis Nexis 2001).

60 2007 (35) PTC 330 (Bom).





#### IV DESIGN

In *Marico Ltd. v. Raj Oil Mills Ltd.*,<sup>60</sup> the Bombay High Court examined the scope and meaning of the word ‘article’ used in the definition of design in section 2 of the Design Act. In this case the plaintiff, the manufacturer of coconut oil and marketing it in the name ‘Parachute’, registered a design for their cap of the bottle used for selling oil. The plastic cap is with a plastic lid on the cap which moves on a plastic hinge which has the contours of a butterfly. It was alleged that the defendants infringed the design copyright by producing a similar cap. In a suit for infringement it was contended by the defendant that the registration was not valid since the cap was not an ‘article’<sup>61</sup> within the definition under section 2(a) of the Act. According to the defendant to be part of the definition the article must be ‘capable of being made and sold separately’ and must have an independent identity. It was argued that since the cap of the bottle in this case could not be sold separately in the market it could not be treated as an article for registration. Relying on the interpretation of the law in England<sup>62</sup> the court accepted this argument and observed:<sup>63</sup>

It appears that Parliament intended that an article must be capable of being made and sold separately in the sense that the article has a commercial identity in the market of its own and not when incorporated as a part of another article ....

I am in respectful agreement with the said judgment and also of view that the Indian Statute should not be read literally. Merely because a part of the article can be made separately and sold separately, it should not be taken as covered by that phrase unless the part has an identity in the market by itself. Indeed, a part must have an independent life as an article of commerce and not be merely an adjunct of some larger article of which it forms part. The cap involved in the present case cannot be said to have an independent life of an article of commerce.

This is the correct interpretation of the law and is in line with the object of the design protection.

#### V COPYRIGHT

##### Permitted use of dress in film

*In Suneet Verma Design Pvt. Ltd & Another v. Jas Kirat Singh Narula*

61 Section 2(a) read: (a) “article” means any article of manufacture and any substance, artificial, or partly artificial and partly natural and includes any part of an article capable of being made and sold separately”.

62 The court followed *Ford Motors Co. Ltd. Design Application*, [1995] RPC 167.

63 2007 (35) PTC 330 at 332-33.

64 2007 (34) PTC 81 (Del).



& *Another*<sup>64</sup> the Delhi High Court examined the scope and application of the exception under section 52(1) (u)<sup>65</sup> of the Copyright Act. In this case the plaintiff, a renowned designer of international repute, designed a dress for women consisting of blue poncho and heavily embroidered trousers. The blue poncho and trousers consist of specific fabric cuts and original artistic embroidery. This design was presented in many fashion shows. The plaintiff noticed that this dress was used by the heroin of the film “Bunty Aur Bubli” and her picture wearing this dress was used in the advertisements of the film, the cover page of the CD and cassette of the songs etc. The plaintiff filed the present suit against the dress designer and the producer of the film alleging infringement of her copyright in the said design. The present petition was filed by the producer of the film requesting the court to remove his name from the list of defendants on the ground that he had not violated the copyright of the plaintiff. It was contended by him that he engaged one of the defendants to design/identify suitable dress for the film and he purchased the alleged dress from a shop in Mumbai. It was also contended that the use of the dress in the film was not a violation of the copyright of the plaintiff since this was permissible under section 52(1) (u) (ii) of the Copyright Act. While rejecting the petition and declaring that the defendant was a necessary party to the suit, the court examined the scope of the exception provided under this section. Rejecting the argument of the defendant that the use of the dress in the film by the heroin was incidental to the film and not a violation of the copyright the court observed:<sup>66</sup>

.... Many times, for a particular role to be played by an actor in a film, the costumes are designed in such a way as to bring out the character that particular actor is to play. The styling of the movie, therefore, is becoming as important as dialogue, screenplay or music. The audience look at an actor in the movie and then notice what he/she is wearing. To promote particular dress used in a film, actors have started walking on the ramp-way during fashion shows. Bollywood has become integral to Indian fashion. In fact, in the award ceremonies, there are specific awards for best costumes in a film. Therefore, it cannot be presumed, *per se*, that for all kinds of clothes worn by the actors in film provisions of Section 52(1) (u) (ii) of the Copyright Act would be applicable. May be, this argument would be relevant for most of the dresses worn in a film, however, whether a particular dress/costume in a film was only by way of

65 Section 52(1)(u) read: “the inclusion in a cinematograph film of - (i) any artistic work permanently situate in a public place or any premises to which the public has access; or (ii) any other artistic work, if such inclusion is only by way of background or is otherwise incidental to the principal matters represented in the film”.

66 2007 (34) PTC 81 at 89.

67 Section 2(d) read: “d) “design” means only the features of shape, configuration, pattern,



background or incidental to the principal matter represented in the film will have to be viewed after the evidence is led.

It appears that the court made the above observation on the assumption that the dress is an artistic work protected under the Copyright Act. It is true that the parties did not contend that the dress is not an artistic work protected under the Copyright Act. But it is interesting to find out whether an industrial product like a designer dress would fall within the scope of artistic work as defined in the Copyright Act or an industrial design protected under the Design Act. An examination of the definition of design under section 2(d)<sup>67</sup> of the Design Act and Class 02<sup>68</sup> of the third schedule of the Design Rules classifying the designs to be protected under the Act, gives an impression that the design dress is covered under the Design Act. Class 02 of the schedule is for "Articles of clothing and haberdashery". Class 02-02 is specifically for "Garments" and the note makes it clear that this includes all sorts of garments. Since class 05 deals specifically with "textile piece goods, artificial and natural sheet materials" it is clear that the classification on "Garments" is intended to include ready made garments as well. There is no reason to doubt that design of the dress in issue is the "features of shape, configuration, pattern ... applied to any article whether in two dimensional or ... by any industrial process or means, whether manual, mechanical .... which in the finished article appeal to and are judged solely by the eye" as per the definition of the design in the Design Act. If that be the case one needs to ask the question whether in the absence of a registration of this design under the Design Act the plaintiff is entitled to claim protection under the Copyright Act. The fact that the suit is filed under the Copyright Act gives an impression that the plaintiff has not registered the dress under the Design Act. It is also evident from the facts that the defendants purchased this dress from a shop in Mumbai. It is not clear whether this is the only piece available in the market or more numbers are available. If there are more

ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 or property mark as defined in section 479 of the Indian Penal Code or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957.

68 Class 02 read: "Articles of clothing and haberdashery ..... 02-01 UNDERGARMENTS, LINGERIE, CORSETS, BRASSIERES, NIGHTWEAR ... 02-02 GARMENTS Note: (a) Includes all sorts of garments, including furs, bathing costumes, sports clothing and orthopedic garments, subject to the exceptions indicated under (b). (b) Not including undergarments (Cl. 02-01), or garments to be placed in Classes 02-03; 02-04; 02-05 or 02-06. 02-03 HEADWEAR ..... 02-04 FOOTWEAR, SOCKS AND STOCKINGS... 02-05 NECKTIES, SCARVES, NECKERCHIEFS AND HANDKERCHIEFS... 02-06 GLOVES .... 02-07 HABERDASHERY AND CLOTHING ACCESSORIES .....02-09 MISCELLANEOUS.

69 See *Microfiber Inc., v. Girdhar & Co.*, 2006 (32) PTC 157 (Del). See also *Gopal Glass Works*



than 50 pieces in the market it is clear from section 15 of the Copyright Act that the plaintiff cannot claim copyright protection for a design capable of registration under the Design Act but not registered. The Delhi High Court in an earlier case<sup>69</sup> made it clear the scope of the exception to the artistic work as defined in the Copyright Act given in the definition of design. If this issue is not going to be examined by the court during the final disposal of the case it would result in overprotection of the design in the dress leading to serious implications in the use of dress not only in the film but also for other purposes.

**Protection of future works**

The question whether an injunction could be granted preventing infringement of a film that was not in existence came for consideration before the Delhi High Court in *Time Warner Entertainment Co. v. RPG Net Com.*<sup>70</sup> In this case the plaintiff filed a suit for injunction for preventing the broadcasting of existing and future films of the plaintiff by the defendants. The single judge granted injunction preventing the defendants from broadcasting the films listed in the plaint but refused to grant injunction for the future films not yet produced by the plaintiff. On appeal to the division bench it was argued by the plaintiff that since there was a provision for the assignment of the future copyright in the film there was also the possibility of preventing infringement of the copyright of such future works. This was countered by the defendant stating that even though there was a provision for the assignment of copyright of future works this would come into force only after the work was created and not before. Hence the relief of infringement was available only after the work was created and not before. After referring to sections 13, 14, 16, 17, 18 and 55 of the Copyright Act the court accepted the arguments of the defendant and held:<sup>71</sup>

Reading of the above provisions of the Act and keeping in mind the object and purpose behind the Act, it cannot be said that any right to claim infringement in a future work exists in any person before a cinematograph film is completed. It is only upon completion of the film that the producer/author of the film becomes the first owner within the meaning of Section 17 read with Section 2(d) (v) of the Act. As stated before, a prospective owner can enter into an agreement to assign rights in a film to a third person but the said rights are effective only after the film is completed and not before. Likewise, right to claim infringement on the basis of copyright under

*Ltd. v. Asst. Controller of Patents & Designs*, 2006 (33) PTC 434 (Cal) and *Gopal Glass Works Ltd., v. IAG Company Ltd. & Others*, 2006 (33) PTC 620 (Guj).

70 2007 (34) PTC 668 (Del) (DB).

71 *Id.* at 674. The Court also held that the common law remedy of passing off is not applicable in this case in view of section 16 of the Act.

72 2007 (35) PTC 129 (Del). Facts of the case already discussed.



Section 55 of the Act has been given to an owner as defined in Section 17 of the Act and not to a prospective owner. In view of the above it cannot be said that films which have not been conceived or after being conceived are under production can become subject matter of an infringement action relating to cinematographic film under Section 55 of the Act. Existing owners of cinematographic films cannot under the Act get omnibus interim injunction order for cinematographic film of which they may become owners in future. The Act itself does not postulate and give any such right to the applicants-plaintiffs.

The reasoning of the court is correct and it goes with the basic philosophy of copyright law that only expressions of the ideas are protected and not the ideas. It also supports the basic principle that copyright is infringed only if there is substantial copying of the protected work and to find this out the work must be in existence in one or other medium. Thus, existence of the work is a pre-requisite for the owner to take the benefit of the provisions of the Act.

**Copyright in industrial drawing**

The issue whether an industrial drawing capable of protection under the Design Act could claim copyright protection under the Copyright Act was again considered by the Delhi High Court in *Dart Industries Inc. & Another v. Techno Plast & Others*.<sup>72</sup> Following the earlier cases<sup>73</sup> and section 15 of the Copyright Act the court reiterated the law thus:<sup>74</sup>

...The underlying message is that copyright in an industrial design is governed by the Design Act 2000. If a design is registered under that Act it is not eligible for protection under the Copyright Act. In such cases after the design is registered under the Design Act, the protection given is not copyright protection by a true monopoly based on statute inasmuch as such designs were never protected by the common law. Exception may be in those cases where copyright had come into existence in respect of artistic drawing and subsequently those drawings were used as models or patterns to be multiplied by any industrial process. There, if the drawing becomes capable of registration as a design it would not result in copyright being forfeited (See *Warner Brother v. Roadrunner*, 1988 FSR 292). However, if the intended industrial use of the work was contemporaneous with its coming into existence, Section 15 of the Copyright Act would apply.

73 *Samsonite Corp. v. Vijay Sales*, 1998 PTC (18) 372 and *Microfiber Inc., v. Girdhar & Co.*, 2006 (32) PTC 157 (Del).

74 2007 (35) PTC 129 (Del) at 153.

75 *Ibid.* (emphasis added).



Regarding the coexistence of copyright and design right the court added:<sup>75</sup>

I may hasten to clarify that it is not suggested that if any design is registered, copyright under no circumstance exists in the drawings. Section 15 lays down that no registration of a design under the Design Act, the copyright *shall not subsist in that design and not in the drawings*. Therefore, it is possible that when the moulded plastic article of novel shape is made from a working drawing, as in the instant case, the drawing may qualify as an original work entitled to copyright protection and at the same time, a registered design for the shape of the article would be protected under the Design Act. If an unauthorized copy is made of the article, it may constitute an indirect copy of the drawing and therefore may infringe the copyright.

It appears that the court is wrong in making this observation which seems self contradicting. If the intention of Parliament as reflected in section 15 of the Copyright Act is to prevent dual protection of the artistic work capable of industrial application, the above observation of the court defeats this. The distinction the court is trying to make between the word ‘design’ used in section 15 and the word ‘drawing’ seems to be artificial. It is the drawing (artistic work) that is converted into external features through industrial process to claim protection under the Design Act. If the drawing and the design are one and the same providing protection for the ‘drawing’ under the Copyright Act and ‘external shape’ made out of it under the Design Act as suggested by the court would result in over protection. The reason being after the protection under the Design Act is over (maximum of 15 years), the owner could claim monopoly for the design through the Copyright Act as artistic work (drawing) for a period of life and 60 years of the author. The argument of the owner would be that the infringer is depicting his two dimensional work into three dimensional violating the reproduction right under section 14(c) (i) in the artistic work in the drawing of the design. This is what Parliament wanted to prevent through section 15. Hence the reasoning of the court seems faulty and against the basic principles of separating the protections under different IP laws. It is satisfying to note that the court did not apply this reasoning to the facts of this case and refused injunction.

#### **Punitive damage**

In *Microsoft Corporation v. Ms. K. Mayuri & Ors*,<sup>76</sup> the Delhi High Court emphasized the need to award punitive damages in case of blatant

76 2007 (35) PTC 415 (Del). See also *Microsoft Corporation v. Kiran & Anr.*, 2007 (35) PTC 748 (Del).

77 *Id.* at 433.



infringement of copyright. In an *ex parte* final order preventing the defendants from the unauthorized loading of the MS Windows and MS Office the court reasoned thus:<sup>77</sup>

This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trade name, copyright, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them.

The court in this case awarded rupees five lakh as compensatory damages against a claim of Rs. 26.72 lakh by the plaintiff and another rupees five lakh as punitive damages. Though the reasoning is a welcome move one would wonder whether the amount of rupees five lakh would “spell financial disaster” to the defendant who has made a profit of Rs. 26.72 lakh.

**Alternative dispute dettlement**

The Delhi High Court in *Bawa Masala Co., v. Bawa Masala Co. Pvt. Ltd.*,<sup>78</sup> examined the scope of section 89 of the Civil Procedure Code to follow the procedure adopted in US for ‘early neutral evaluation’ to settle the dispute in intellectual property through alternative dispute settlement. After explaining the procedure followed in US for early neutral evaluation the court concluded that this is permissible in India also under section 89 of the CPC.

**Contempt of court in case of refusal to obey *Anton Piller* orders**

In *Dart Industries Inc. & Another v. Techno Plast & Others*<sup>79</sup> the Delhi High Court directed initiation of contempt of court proceedings against the defendant for obstructing the court commissioner from executing the *ex parte* injunction and visit of the commissioner for search and seizure. The allegation that the defendant obstructed the commissioner, questioned the authenticity of the order, used political pressure etc., was denied by the defendant. Rejecting this the court reasoned:

It is not necessary for me to go into the details inasmuch as if the version of the Court Commissioner and the applicant is correct, it amounts to criminal contempt as obstruction in the working of the Court Commissioner amount to obstruction in the administration of

78 2007 (35) OTC 447 (Del).

79 2007 (35) PTC 285 (Del).

80 [1976]1 All ER 779 (CA).



justice. Court Commissioner is the officer of the Court who has given the report, which is to be acted upon for taking prima facie view in the matter, *subject to such defence that may be available to the respondent/contemnors at the appropriate stage.*

The court is correct in making the above observation based on the law in India. But from the limited facts available from the report it appears that the order issued by the court is the so called “*Anton Piller Order*” based on the judgment of the English Court in *Anton Piller K.G. v. Manufacturing Process Ltd.*<sup>80</sup> If so it is interesting to examine whether the defendant has the right to object to the inspection of his premise by the court officer as per this decision if he is convinced that the order is obtained improperly. It is also interesting to find out the circumstance in which the defendant could be subjected to contempt procedure for refusal to permit inspection. A plain reading of the *Anton Piller* judgment makes it clear that the defendant has the right to object entry into the premises. The following observation of Lord Denning is pertinent:<sup>81</sup>

Nevertheless, in the enforcement of this order, the plaintiffs must act with due circumspection. On the service of it, the plaintiffs should be attended by their solicitor, who is an officer of the court. They should give the defendants an opportunity of considering it and of consulting their own solicitor. If the defendants wish to apply to discharge the order as having been improperly obtained, they must be allowed to do so. If the defendants refused permission to enter or to inspect, the plaintiff must not force their way in. They must accept the refusal, and bring it to the notice of the court afterwards, if need be on application to commit.

It was made clear by the Court of Appeal that refusal to give permission is at his peril. In this context the clarification given by Ormrod LJ is significant:<sup>82</sup>

The form of the order makes it plain that the court is not ordering or granting anything equivalent to a search warrant. The order is an order on the defendant in *personam* to permit inspection. It is therefore open to him to refuse to comply with such an order, but at his peril either of further proceedings for contempt of court – in which case, of course the court will have the widest discretion as to how to deal with it, and if it turns out the order was made improperly in the first place the contempt will be dealt with accordingly – but more important, of course, the refusal to comply may be the most

81 *Id.* at 783.

82 *Id.* at 784.

83 [1977] FSR 150. In this case the defendant refused to give access and moved the court to





damaging evidence against the defendant at the subsequent trial.

It is interesting to find out whether the mere fact of objecting entry could make the defendant liable for contempt even if it is proved that the order was obtained improperly and was discharged on petition by the defendant. There are conflicting decisions in England in this regard. The passing observation of the Court of Appeal in *Hallmark Cards Inc. v. Image Arts Ltd.*<sup>83</sup> is worth quoting:<sup>84</sup>

While the order stands, the party who refuses access to his premises is in default of the order. But if the party against whom the order is made were to succeed in getting the order discharged, I cannot conceive that that party would be liable to any penalties for any breach of the order of which he may have been guilty while it subsisted, for if the order is discharged upon the footing that it ought not to have been made, then the contempt is in truth no contempt, although technically no doubt there is contempt because the order, until discharged, is an operative order and the party who refuses access is acting in disobedience of the order. But if the application to discharge proved to be successful, then it seems to me that the party against whom the order has been made will not turn out really to have been in jeopardy meanwhile.

But the Chancery Division in *Wardle Fabrics Ltd. v. G. Myristis Ltd.*,<sup>85</sup> after reviewing the cases including the Court of Appeal decisions took a different stand and observed:

Having reviewed that body of authority as best I can, it seems to me that what I would have wished to decide on principle is in accordance with the law as it stands, that an order – and I am not speaking of an order which for want of jurisdiction is a nullity *ab initio* but an order of the court made within its jurisdiction – must be obeyed on pain of contempt penalties while it stands. The fact that it is subsequently discharged is no automatic answer to proceedings for contempt, although the circumstances are appropriate to be considered when the court has to decide on penalties.<sup>86</sup>

discharge the order. The order was suspended. The plaintiff appealed to the Court of Appeal on ground of procedural error is suspending the order.

84 *Id.* at 153 (per Buckley L.J).

85 [1984] FSR 263 (Ch.D). In this case the defendant refused permission and the court subsequently discharged the order. The plaintiff filed the contempt petition for not permitting entry.

86 *Id.* at 275.

87 For details see Kern Alexander, “The Mareva Injunction and Anton Piller Order: The Nuclear



It is the need to obey the court order to maintain the status of administration of justice that prompted the judge to come to this conclusion. The remedy in such cases for the defendant seems to be the award of damages. It is important to note that the courts in England take adequate precaution before such orders are issued though there are allegations of its rampant abuse.<sup>87</sup> In this context it appears that the reasoning of the Chancery Division in *Wardle case* needs reconsideration giving more credit to the passing observation of the Court of Appeal in *Hallmark case*. It is noticed that *Anton Piller* like order is issued by the Delhi High Court as a matter of routine without even taking adequate precautions. One needs to wait and watch how the Indian Courts are going to address the issue of contempt in case the order is obtained improperly.

Weapons of English Commercial Litigation” 11 Florida Journal of International Law, 487 (1997) and Susan Hall, “Anton Piller Order: A Doorstep too far”, [1995] 17 EIPR 50.

E:\MISC\LI-(AS-2007\16-ILI (Annual Survey-2007).P65460