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INTELLECTUAL PROPERTY LAWS

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I INTRODUCTION

THE SIGNIFICANT trend during the year under survey is the increased number of judgments from the Supreme Court in different branches of intellectual property laws. This is also reflective of the increasing competition in the market and the aggressive manner in which the owners of intellectual property try to protect their monopoly to prevent competition in the market which is under the threat of recession. A good number of judgments from the Supreme Court and high courts also reflect the importance given by them to the safeguarding of public interest while protecting the interest of owners of intellectual property. The decision of the Supreme Court in *Eastern Book* reflects the effort of the owner of copyright to prevent the entry of competing works based on common resources. The positive aspect of the decision is the attempt by the Supreme Court to interpret the concept of originality to retain the public domain space for promoting creativity and competition. The decision in *Entertainment Network* again shows the effort of the Supreme Court to protect public interest of access to musical works to large sections of Indian population by a purposive interpretation of the compulsory licence provisions in the Act. The refusal of temporary injunction in *Roch* by the Delhi High Court on the ground that it would affect access to essential drugs to cancer patients at affordable prices despite the absence of affected parties before it also shows the importance attached to public interest while promoting patent monopoly. It is also important to note that there are interesting judgments from all important branches of intellectual property laws.

II TRADEMARK

Deceptive similarity - right of prior user

Use of trademark for a long period of time without challenge gives the user a better title even against the owner of a well known mark. This principle was reiterated by the Supreme Court in *Khoday Distilleries Ltd.*,

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v. *Scotch Whisky Association*.¹ The mark “Peter Scot” was used by the appellant from 1968 onwards for selling whisky and the same was registered. In 1974 the respondent issued a notice to the appellant against the use of the word “Scot” but no action was taken till 1984. In 1984 the respondent filed an application for rectification of the register. The respondents also filed a suit for passing off in the high court and the same was allowed. The application for rectification was allowed by the registrar and the appeal against the order was dismissed by the high court. Before the Supreme Court it was argued by the appellant that there was considerable delay in filing the application for rectification. It was also argued that there was no deception to the consumer since the consumers are capable of distinguishing between Scotch Whisky and Peter Scot. The Supreme Court accepted the arguments and reversed the decision of the high court. The observation of the court on finding out deception is pertinent:²

But then we are concerned with the class of buyers who are supposed to know the value of money, the quality and content of Scotch Whisky. They are supposed to be aware of the difference of the process of manufacture, the place of manufacture and their origin. Respondent No. 3, the learned Single Judge as also the Division Bench of the High Court, therefore, failed to notice the distinction, which is real and otherwise borne out from the precedents operating in the field.... Had these tests been applied the matter might have been different. In a given case probably we would not have interfered but we intend to do so only because wrong test applied led to a wrong result.

The case assumes significance in the context of various judgments from the court on the issue of deceptive similarity that too in case of well known marks. The attempt of the court to look at the nature of the consumers and their characteristic made it clear that the test of “consumer with average intelligence and imperfect memory” as laid down by the Supreme Court in *Amritadhara*³ and followed even in *Cadila*⁴ could be departed from if the consumers are intelligent and educated. This is a welcome development and it is expected that the lower courts would follow this ratio carefully.⁵

Permissible use of trademark

Fair use of trademark of another person for selling the goods using different trademark is an exception to the exclusive right of an owner of

1 2008 (37) PTC 413. See also *McDonald's Corp. v. Sterling's Mac Fast Food*, 2008 (37) PTC 247 (Kar); *Md. Shariq v. Fair International*, 2008 (37) PTC 287 (Del).

2 *Id.* at 447.

3 *Amritdhara Pharmacy v. Satya Deo Gupta*, AIR 1963 SC 449.

4 *Cadila Health Care Ltd. v. Cadila Pharma*, 2001 PTC 300 (SC).

5 For example see *Shreya Life Science Pvt. Ltd., v. Magna Biochem Pvt. Ltd.*, 2008 (38) PTC 331 (Del).



trademark. This principle is expressly recognized in the Trademark Act, 1999 and was followed by the high court in *Hawkins Cookers Ltd. v. Murugan Enterprises*.⁶ The defendant in this case was manufacturing and marketing gaskets using the trademark “Mayur” and “Peacock”. In the cover of the product it was suggested that the gasket can be used for “Hawkins” pressure cooker also. This was objected to by the plaintiff and the present suit was filed to prevent the use of the word “Hawkins” in the cover. It was argued by the defendant that the use is honest and there is no confusion to the consumer regarding the product. The mark is not used for selling the product and the use is only to indicate that the product of the defendant is useful for the product of the plaintiff as well. It was also argued that the attempt of the plaintiff is to prevent the sale of spare parts of the pressure cooker by the competitor and create monopoly in the market which is against the well accepted commercial practice. It was also argued that such use is covered by section 30(2)(d)⁷ of the Trademark Act. It was contended by the plaintiff that the use of the mark is not attracted by the provisions of the Trademark Act since it is not honest. After referring to sections 29 and 30 and cases from England the court held the use as fair and observed thus:⁸

The present case is, thus, one where the condition of ‘honest use’ is satisfied, since one cannot decipher a commercial connection between the plaintiff and the defendant by use of word HAWKINS by the defendant. It is, thus, not a case where there is dilution of the value of the trademark of the plaintiff by unfair advantage being taken of its distinctive character or repute by the defendant. The use is more in nature of the intending purpose of the product manufactured by the defendant....

The object of filing of the suit thus appears to be to create a monopoly over such ancillary items so that no third party is able to sell the same in the market. This course of action is not permissible as it is really not in dispute that the defendant can carry out an ancillary industry of manufacturing such gaskets.

The reasoning and interpretation given by the court is correct and reflect the intention of Parliament.

6 2008 (36) PTC 290.

7 S. 30(2)(d) reads: “the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted; and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services as the case may be.”

8 *Supra* note 6 at 310.

**Jurisdiction**

The issue of jurisdiction to file a suit consisting of copyright infringement and passing off reached the Supreme Court again in *Dabur India Ltd. v. K.R. Industries*.⁹ A suit for infringement of copyright and passing off was filed in Delhi against the defendant having business in Andhra Pradesh. Since the defendant was not having business in Delhi the court following the decision of *Dhoda House*¹⁰ rejected the suit for want of jurisdiction. On appeal it was argued before the Supreme Court that the ratio in *Dhoda House* was not applicable to composite suits. It was also argued that the present suit was one that fell under that category and Delhi High Court had jurisdiction to try. The court after examining section 57 of the Copyright Act and the observation in *Dhoda House* clarified the position thus:¹¹

If the impediment is sought to be removed by inserting an incidental provision, there cannot be any doubt the court could be entitled to pass an interim order, but the same by no stretch of imagination can be extended to a cause of action which is found on separate set of facts as also rights and liabilities of a party under a different Act.

Regarding the nature of composite suit the court further observed:¹²

A composite suit would not entitle a court to entertain a suit in respect whereof it has no jurisdiction, territorial or otherwise. Order II Rule 3 of the Code specifically states so and, thus, there is no reason as to why the same should be ignored. A composite suit within the provisions of the 1957 Act as considered in *Dhoda House* (supra), therefore, would mean the suit which is founded on infringement of a copyright and wherein the incidental power of the Court is required to be invoked. A plaintiff may seek a remedy which can otherwise be granted by the court. It was that aspect of the matter which had not been considered in *Dhoda House* (supra) but it never meant that two suits having different cause of action can be clubbed together as a composite suit.

The court dismissed the appeal with cost of Rs. 50000/-. Thus, the court set at rest the attempt in many cases filed before the Delhi High Court to rely on the reasoning in *Dhoda House* to claim jurisdiction for passing off action invoking the provisions under the Copyright Act.

9 2008 (37) PTC 332.

10 *Dhodha House & Patel Field Marshal Industries v. S.K. Maing & P.M. Diesel Ltd.*, 2006 (32) PTC 1 SC.

11 *Supra* note 9 at 342.

12 *Ibid.*

**Non-user of registered trademark**

The purpose of the provision for removal of the name of trademark from the register on the ground of non-user came for consideration of the Supreme Court in *Kabushiki Kaisha Toshiba v. Toshiba Appliances Co.*¹³ The appellants, a Japanese company, dealing with electrical goods registered the trademark “TOSHIBA” for eight items including spin fryers in India. The respondent, an Indian company, manufacturing electrical goods including washing machines started using the mark “TOSIBA” in 1975. In 1984 the appellants sent a notice to the defendant to stop the use of the mark but no further action was taken. The respondents filed an application for removal of the name from the register on the ground of non-user. The same was allowed by the registrar and the high court approved the same on appeal. Before the Supreme Court it was, *inter alia*, argued that the respondent was not an aggrieved party to file an application for removal of the mark on the ground of non-user since they were not manufacturing washing machines. The court held that the applicant was an aggrieved person and reasoned thus:¹⁴

The intention to use a trademark sought to be registered must be genuine and real. When a trademark is registered, it confers a valuable right. It seeks to prevent trafficking in trademark. It seeks to distinguish the goods made by one person from those made by another. The person, therefore, who does not have any bonafide intention to use the trademark, is not expected to get his product registered so as to prevent any other person from using the same. In that way trafficking in trademark is sought to be restricted ...

The concept of the term “person aggrieved” is different in the context of section 46 and section 56. Section 46 speaks of a private interest while section 56 speaks of a public interest.

Passing off

The question whether a passing off remedy can be given to prevent a person from using a name of film was examined by the Delhi High Court in *Warner Bros. Entertainment Inc. v. Harinder Kohli*.¹⁵ The plaintiff producer of the film Harry Potter filed the present suit to prevent the defendant from releasing the film using the name “HARI PUTTAR”. It was argued that the name “HARRY POTTER” is registered in India for various goods and the defendants are guilty of infringing their registered trademark because of the visual and phonetic similarity in the name used by the defendant. The defendants contended that there was no consumer deception since the film “HARI PUTTAR” is a comedy based on Punjabi and is different from that of Harry Potter series based on the book Harry Potter. It was further contended that the plaintiff failed to take action even after issuing notice to the

13 2008 (37) PTC 394.

14 *Id.* at 408.

15 2008 (38) PTC 185.



defendant in 2007 resulting in investment of money and effort in making the film. After examining the law relating to passing off the court refused passing off remedy and observed thus:¹⁶

It is not the case of a consumer good or product, which stands on an entirely different footing. Necessarily, the yardstick must also differ; bearing in mind the fact that a consumer product such as a soap or even pharmaceutical product may be purchased by an unwary purchaser or even an illiterate one, but the possibility of an unlettered audience viewing a HARRY POTTER movie are remote to say the least. To put it differently, an illiterate or semi-literate movie viewer, in case he ventures to see a film by the name of Hari Puttar, would never be able to relate the same with Harry Potter film or book. Conversely, an educated person who has pored over or even browsed through a book of Harry Potter or viewed a Harry Potter film, is not likely to be misled. Such a person must be taken to be astute enough to know the difference between Harry Potter film and a film entitled Hari Puttar, for, in my view, the cognoscenti, the intellectual and even the pseudo-intellectuals presumably know the difference between chalk and cheese or at any rate must be presumed to know the same.

III COPYRIGHT

Concept of originality

The Supreme Court after a long gap examined the concept of originality in *Eastern Book Co. v. D.B. Modak*.¹⁷ Appellants, the publishers of law report by name “Supreme Court Cases” (SCC), claimed copyright in the copy-edited judgments published by them and alleged infringement of the same by the respondent in their publication “Grand Jurix”. According to the appellants their report consists of various inputs to make the judgments user-friendly by correcting the mistakes, adding cross references, foot notes, proper paragraph numbering, standardized formatting of the text, verification of the references etc. These constitute considerable skill, labour and expertise including substantial capital expenditure on infrastructure, staff, equipments etc. This is sufficient to treat the reported judgment “original literary work” for copyright protection. It was, *inter alia*, alleged that the defendants literally copied the copy-edited judgment of the appellant violating their copyright in the copy-edited judgment. According to the respondent there is no copyright protection for the copy-edited judgments since the input is insubstantial to constitute an ‘original’ literary work. The lower court denied

¹⁶ *Id.* at 199.

¹⁷ (2008) 1 SCC 1.

¹⁸ *Eastern Book Co. v. Navin J. Desai*, 2001 PTC 57 (Del). For detailed comments see, N.S. Gopalakrishnan, “Intellectual Property Laws”, XXXVII *ASIL*, 373-94 (2001).



injunction on the ground that the inputs of the appellant is trivial in nature and inadequate to constitute originality to claim copyright protection in the copy-edited judgment.¹⁸ The Supreme Court considered the copy-edited judgment as a derivative work and examined the standard of originality required for the derivative work to be considered for copyright protection. Regarding the standard of originality after examining English¹⁹ and Indian cases²⁰ the court opined:²¹

The originality requirement in derivative work is that it should originate from the author by application of substantial degree of skill, industry or experience. Precondition to copyright is that work must be produced independently and not copied from another person. Where a compilation is produced from the original work, the compilation is more than simply a re-arranged copyright of original, which is often referred to as skill, judgment and or labour or capital. The copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his skill, labour and investment of capital, maybe it is derivative work. *The courts have only to evaluate whether derivative work is not the end-product of skill, labour and capital which is trivial or negligible but substantial.* The courts need not go into evaluation of literary merit of derivative work or creativity aspect of the same.²¹

The court further relied on the US²² and Canadian²³ judgments and observed thus:²⁴

The sweat of the brow approach to originality is too low a standard which shifts the balance of copyright protection too far in favour of the owner's right, and fails to allow copyright to protect the public's

19 *Ladbroke (Football) Ltd. v. Willim Hill (Football) Ltd.*, [1964] 1 WLR 273 (HL); *Walter and Another v. Lane*, [1900] AC 539 (HL); *Designers Guild Ltd. v. Russell Williams (Textiles) Ltd.*, [2000] 1 WLR 2416 (HL); *University of London Press Limited v. University Tutorial Press Limited*, [1916] 2 Ch 601; *Kelly v. Morris*, (1866) LR 1 Eq. 697 and *Parry v. Moring and Gollancz*, Cop Cas (1901-1904) 49.

20 *Gopal Das v. Jagannath Prasad and Another*, AIR 1938 All 266; *v. Govindan v. E.M. Gopalakrishna Kone and Another*, AIR 1955 Mad 391; *C. Cunniah & Co. v. Balraj & Co.*, AIR 1961 Mad 111; *Agarwala Publishing House v. Board of High School and Intermediate Education and Another*, AIR 1967 All 91; *Gangavishnu Shrikisondas v. Moreshtar Bapuji Hegishte and Others*, ILR 13 Bom 358; *Rai Toys Industries and Others v. Munir Printing Press*, 1982 PTC 85 and *Macmillan and Another v. Suresh Chandra Deb*, ILR 17 Cal 952.

21 *Supra* note 17 at 104 (Emphasis added)

22 *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 18 USPQ 2d. 1275; *Matthew Bender & Co., Inc. v. West Publishing Co.*, 158 F.3d 674 (2nd Cir. 1998); *Key Publications, Inc. v. Chinatown Today Publishing Enterprises, Inc.*, 945 F.2d.509.

23 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 (1) SCR 339 (Canada).

24 *Supra* note 17 at 111 (Emphasis added).

interest in maximizing the production and dissemination of intellectual works. On the other hand, the creativity standard of originality is too high. A creative standard implies that something must be novel or non-obvious — concepts more properly associated with patent law than copyright law. *By way of contrast, a standard requiring the exercise of skill and judgment in the production of a work avoids these difficulties and provides a workable and appropriate standard for copyright protection that is consistent with the policy of the objectives of the Copyright Act.*

The observation of the court, it is felt, is the correct appreciation of the general standard of originality required for copyright protection of works though the reference by the court is only to derivative works. This is precisely the standard laid down by the courts in England,²⁵ US²⁶ and Canada²⁷ in the cases referred to by the court. But it may be noted that the

- 25 The Chancery Court in *University of London Press Limited v. University Tutorial Press Limited*, [1916] 2 Ch 601 observed thus: “Assuming that they are “literary work,” the question then is whether they are original. The word “original” does not in this connection mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the originality of ideas, but with the expression of thought, and, in the case of “literary work,” with the expression of thought in print or writing. The originality which is required relates to the expression of the thought. But the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work - that it should originate from the author. In the present case it was not suggested that any of the papers were copied. Professor Lodge and Mr. Jackson proved that they had thought out the questions which they set, and that they made notes or memoranda for future questions and drew on those notes for the purposes of the questions which they set. The papers which they prepared originated from themselves, and were, within the meaning of the Act, original.”
- 26 The Supreme Court in *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 499US 340 (1991) observed thus: “The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. See *Harper & Row* at 547-49. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. M. Nimmer & D. Nimmer, *Copyright* at 2.01[A], [B] (1990) (hereinafter Nimmer). *To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice.* The vast majority of works make the grade quite easily, as they possess some creative spark, “no matter how crude, humble or obvious” it might be. *Id.* at 1.08[C][1]. *Originality does not signify novelty*; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable....”
- 27 The Supreme Court in *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 (1) SCR 339 observed thus: “I conclude that the correct position falls between these extremes. For a work to be “original” within the meaning of the *Copyright Act*, it must be more than a mere copy of another work. At the same time, it need not be creative, in the sense of being novel or unique. What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment. By skill, I mean the use of one’s knowledge, developed aptitude or practiced ability in producing the work. By judgment, I mean the use of one’s capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work. This exercise of skill and judgment will necessarily



court has not laid down the norms for finding out this “workable and appropriate standard”.

After referring to section 52(1)(q) of the Indian Copyright Act and reiterating that the standards referred to are applicable only to derivative works of judgments the court held:²⁸

The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. That being the position, the copy-edited judgments would not satisfy the copyright merely by establishing amount of skill, labour and capital put in the inputs of the copy-edited judgments and the original or innovative thoughts for the creativity are completely excluded. *Accordingly, original or innovative thoughts are necessary to establish copyright in the author’s work....* To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one.

Stating that the principle laid down by the Canadian Supreme Court is more applicable in case of copyright in judgments given the provisions of the Copyright Act the court further held:²⁹

To claim *copyright in a compilation*, the author must produce the material with exercise of his skill and judgment which may not be creativity in the sense that it is novel or non-obvious, but at the same time it is not a product of merely labour and capital. *The derivative work produced* by the author must have some distinguishable features and flavour to raw text of the judgments delivered by the court. The trivial variation or inputs put in the judgment would not satisfy the test of copyright of an author.

Based on this “touchstone” the court held that certain inputs like correction of mistakes, cross reference, foot notes, giving full details of the information of the case or reports that are missing etc. in the SCC will not have copyright protection since “[I]t does not as a whole display sufficient

involve intellectual effort. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise. For example, any skill and judgment that might be involved in simply changing the font of a work to produce “another” work would be too trivial to merit copyright protection as an “original” work”. Para 16.

²⁸ *Supra* note 17 at 111 (Emphasis added).

²⁹ *Ibid.*



originality so as to amount to an original work of the author".³⁰ But in the same breath the court held that three inputs like paragraph making, adding internal paragraph and indicating whether the judgment is dissenting, concurring or partly dissenting etc. is entitled to copyright protection. The court justified this in the following words:³¹

Creation of paragraphs by separating them from the passage would require knowledge, sound judgment and legal skill. In our opinion, this exercise and creation thereof has a flavour of minimum amount of creativity. The said principle would also apply when the editor has put an input whereby different Judges' opinion has been shown to have been dissenting or partly dissenting or concurring, etc. It also requires reading of the whole judgment and understanding the questions involved and thereafter finding out whether the Judges have disagreed or have the dissenting opinion or they are partially disagreeing and partially agreeing to the view on a particular law point or even on facts.

Though the general principles laid down by the court seem to be correct the application of the same to the facts has created confusion. The reason is the failure of the court to find out the correct subject matter of protection and the application of the test of originality laid down by it to the subject matter in its totality. Though the court stated in the beginning without any analysis that the reported judgment is a 'derivative work', it is evident from the observations that the court on many occasions treated it as a 'compilation' to determine the standard of originality. It is important to note that though the court quoted from the House of Lords judgment in *Ladbroke (Football)*³² regarding the importance of applying the test of originality to the whole of the work it is disappointing to note that the same was not applied to the facts of this case. It is equally disappointing to note that the court did not make any sincere effort to determine what constitutes a derivative work and whether reported judgment fell under this category.

Subject matter – derivative work

In *Eastern Book* the appellants claimed their copy-edited judgment as original literary work. But the Supreme Court treated the reported judgment

30 *Id.* at 113. The court further observed: "Arrangement of the facts or data or the case law is already included in the judgment of the court. Therefore, creativity of SCC would only be addition of certain facts or material already published, case law published in another law report and its own arrangement and presentation of the judgment of the court in its own style to make it more user-friendly. The selection and arrangement can be viewed as typical and at best result of the labour, skill and investment of capital lacking even minimal creativity".
Ibid.

31 *Id.* at 114.

32 *Supra* note 19. See para 31 of the judgment.



of the SCC as derivative works. The justification of the court is as follows:³³

Broadly speaking, there would be two classes of literary works : (a) primary or prior works: These are the literary works *not based on existing subject-matter* and, therefore, would be called primary or prior works; and (b) secondary or derivative works: These are literary works based on *existing subject-matter*. Since such works are based on existing subject-matter, they are called derivative work or secondary work.

Regarding reported judgments the observation of the court is pertinent: It is the admitted position that the report in the Supreme Court Cases (SCC) of the judgments of the Supreme Court is a derivative work in public domain.

It is to be noted that there is no express provision in the Indian Copyright Act defining derivative work. In this context it is worth looking into Berne Convention for the Protection of Literary and Artistic Work and law in US to find out whether the above classification could be the basis for analysis for treating reported judgments as derivative work of original judgments of the court. According to article 2(3) of the Berne Convention a derivative work means:³⁴

Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work.

It is clear that the obligation is to protect translations, adaptations or other alterations as original work without prejudice to the copyright in the original work. In addition to this, the Berne Convention, as per articles 14³⁵ and 14bis³⁶ also recognizes adaptation of a literary or artistic work into cinematograph film as original work. This is reflected in the definition of derivative work in the copyright law of United States. Section 101 defines derivative work as follows:³⁷

A work *based upon one or more pre-existing works*, such as a translation, fictionalization, motion picture version, condensation, or any other form in which a *work may be recast, transformed or*

33 *Supra* note 17 at 93 (Emphasis added).

34 *Id.*, para 38.

35 Art 14 reads: (1) Authors of literary or artistic works shall have the exclusive right of authorizing: (i) the cinematographic adaptation and reproduction of these works, and the distribution of the works thus adapted or reproduced;”

36 Art. 14bis (1) reads: “Without prejudice to the copyright in any work which may have been adapted or reproduced, a cinematographic work shall be protected as an original work. The owner of copyright in a cinematographic work shall enjoy the same rights as the author of an original work, including the rights referred to in the preceding Article”.

37 Title 17 USC § 101 (Emphasis added).



adapted. A work consisting of editorial versions, annotation, elaboration, or other modifications which, *as a whole, represent an original work of authorship* is a derivative work.

These provisions make it clear that a derivative work is based on a “pre-existing work” and not based on an “existing subject matter” as stated by the Supreme Court. It may be noted that the Supreme Court made it clear that there is no copyright protection for the subject matter as such and it is the manner of expression of the subject matter that attracts protection.³⁸ Similarly, the existing work must get transformed to be treated as a whole to form a derivative work.

In this context if one examines the scheme of the Indian Copyright Act one could see the same reflected in section 14 and the related definitions in section 2. Section 14 recognizes the right to make translation, cinematograph film and adaptation of the literary work. It is also made clear that the translated or adapted work will enjoy independent copyright. The term adaptation is also defined.³⁹ In case of literary works it is made clear that this includes conversion into dramatic work by way of performance, abridgment of the work or *use of the work involving its re-arrangement or alteration*. This is in accordance with the provisions of the Berne Convention. It is clear that to treat a work as a derivative work there must be substantial change in the character of the derivative work based on an existing work. The transformation as a whole must be considered to treat it as a derivative work. It is evident that the Supreme Court failed to examine these provisions before it made the broad classification and treated the reported judgment as derivative work. The judgment as reported by the SCC in no way could be treated as a derivative work since it is not an adaptation of the original judgments of the court as understood in our law. There is no re-arrangement or alteration of the original judgments as envisaged in our Act to make the reported judgments original adapted work or derivative work. It is the failure of the court to examine the content of the derivative work as

38 See *R.G.Anand v. Delux Filims*, AIR 1978 SC 1613. The observation the court is worth quoting: “There can be no copyright in an idea, subject matter, themes, plots or historical or legendary facts and violation of the copyright in such cases *is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work*.... It is always open to any person to choose an idea as a subject matter and develop it in his own manner and give expression to the idea by treating it differently from others” *id.* at 1627 (Emphasis added).

39 S. 2 (1) (a) reads: “adaptation” means:- (i) in relation to a dramatic work, the conversion of the work into a non-dramatic work; (ii) in relation to a literary work or an artistic work, the conversion of the work into a dramatic work by way of performance in public or otherwise; (iii) in relation to a literary or dramatic work, any abridgement of the work or any version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book, or in a newspaper, magazine or similar periodical; (iv) in relation to a musical work, any arrangement or transcription of the work; and (v) in relation to any work, any use of such work involving its re-arrangement or alteration”



envisaged in the Berne Convention and incorporated in our law that led to the conclusion that the reported judgments are derivative works. This also resulted in the court wrongly applying the standard of originality and concluding that some changes made in the judgment deserve protection while the other changes do not. The approach is wrong since if it is a derivative work the transformation as a whole must be considered to determine whether it is original or not to provide independent protection. It is quite unfortunate that the judgment of the Supreme Court resulted in wrong interpretation of the law and it is expected that the court will use the next opportunity to rectify this though one is not sure when this is going to happen given the conditions in India.

Merger of idea and expression

The Delhi High Court in *Mattel Inc v. Jayant Aggarwalla*,⁴⁰ applied the doctrine of merger to deny copyright protection of games. The plaintiff in this case claimed copyright in their word board game marketed as “SCRABBLES”. It was alleged that the defendant produced a web based game similar to that of “SCRABBLES” using the red, pink, blue and light blue titles, use of identical pattern of arrangement of coloured tiles and use of a star pattern on the central quire. The defendant denied the allegations and argued based on the doctrine of merger that there was no copyright in the alleged elements in the game since they were ideas of playing game expressed in the work and could not be separated. Accepting this, the court observed:^{40a}

Furthermore, and most importantly, the application of the doctrine of merger would mean that the colour scheme on such a board can be expressed only in a limited number of ways; if the plaintiffs’ arrangements were to be avoided, it is not known whether the idea of such a word game could be played at all. Similarly, the reasoning in *Allen* and *Atari* as far as copyrightability of rules of a game are concerned apply squarely in this case. This doctrine of merger is applicable with respect to games as (according to those decisions) “they consist of abstract rules and play ideas”. By way of illustration, the arrangements of colours, values on the board, the collocation of lines, value for individual alphabetical titles, etc., have no intrinsic meaning, but for the rules. If these rules which form the only method of expressing the underlying idea are to be subject to copyright, the idea in the game would be given monopoly, a result not intended by the law makers who only wanted expression of idea to be protected.

⁴⁰ 2008 (38) PTC 416 (Del).

^{40a} *Id.* at 428.



The court refused injunction to the plaintiff. The clarity of this observation deserves appreciation since the court is correct in maintaining the balance between laws dealing with different forms of IP. It is evident that the attempt of the plaintiff is to get protection through the copyright law for an item that falls under the patent or design law. It has become a normal practice, as seen from many reported cases from various high courts, for the plaintiff who failed to take protection under design or patent to claim copyright protection. It is laudable that this judgment has relied on fundamental principles of copyright law to arrest this unhealthy trend to extend monopoly.

Power of Copyright Board to issue compulsory licence

The Supreme Court in *Entertainment Network (India) Ltd. v. Super Cassette Industries Ltd.*,⁴² examined the power of the Copyright Board to issue compulsory licence to FM Radio stations to play music and set at rest the conflicting interpretation given by different high courts. Appellants in this case used the songs owned by the respondents without authorization after they failed in their attempt to negotiate reasonable royalty for use of songs. The appellants then approached the Copyright Board for grant of compulsory licence and the same was issued after fixing the royalty rates. It was contended by the respondent that the power under section 31⁴³ is limited only to cases where the work is not available to the public. In the present case it was argued that since the songs are already available to the public through broadcast from other broadcasting organizations (All India Radio) the Copyright Board has no power to issue compulsory licence under this section. The appellants argued that the above interpretation of the section is applicable only for republication of the work under section 31(1)(a) and not for broadcasting of the work under section 31(1)(b). According to the appellants section 31(1)(b) envisages more than one organization

41 *Id.* at 428.

42 2008 (37) PTC 353 (SC).

43 S. 31 (1) reads: "If at any time during the term of copyright in any Indian work which has been published or performed in public, a complaint is made to the Copyright Board that the owner of copyright in the work - (a) has refused to republish or allow the republication of the work or has refused to allow the performance in public of the work, and by reason of such refusal the work is withheld from the public; or (b) has refused to allow communication to the public by broadcast, of such work or in the case of sound recording the work recorded in such sound recording, on terms which the complainant considers reasonable; the Copyright Board, after giving to the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may deem necessary, may, if it is satisfied that the grounds for such refusal are not reasonable, direct the Registrar of Copyrights to grant to the complainant a licence to republish the work, perform the work in public or communicate the work to the public by broadcast, as the case may be, subject to payment to the owner of the copyright of such compensation and subject to such other terms and conditions as the Copyright Board may determine; and thereupon the Registrar of Copyrights shall grant the licence to the complainant in accordance with the directions of the Copyright Board, on payment of such fee as may be prescribed." (Emphasis added).



broadcasting works and denial of licence on reasonable terms by the owner enables the Copyright Board to issue compulsory licence on reasonable terms. After examining the wording of the provisions and the international obligations the court interpreted the provision thus:⁴⁴

Significantly, in between the clauses (a) and (b), the word “or” has been used. It must be read disjunctively and not conjunctively. Even otherwise, reading the said provision conjunctively is not possible. Clause (a) refers to republication or allowing republication of the works etc., clause (b) refers to refusal to allow communication to the public in the case of broadcast or in case of sound recording.

The court buttressed the argument by referring to the nature of rights recognized under section 14 and also the use of the words “such work” and “public” in section 31. The court held that these provisions in the context of radio broadcast did not prohibit a person from approaching the Copyright Board for compulsory licence even if the sound records are licenced to All India Radio.⁴⁵ The reasoning of the court is correct given the nature of the work and its possible dissemination to the public. If the intention of the legislature is to facilitate the multiple transmission of the work to the public a restricted interpretation as argued by the respondents would have defeated the purpose. As reasoned by the court it is evident that the amendment introduced in the Act aims at simultaneous communication of the work through different means and a refusal to give licence could attract the power under this section for issue of compulsory licence.

It was further contended by the respondent that “refusal” under this section demands failure on the part of the owner to give permission and if agreed to give permission based on a royalty fixed by the owner even though not agreeable to the user, could not be considered as refusal. Rejecting this the court observed thus:⁴⁶

The meaning of a word must be attributed to the context in which it is used. For giving a contextual meaning, the text of the statute must be kept in mind. An act of refusal depends upon the fact of each case. Only because an offer is made for negotiation or an offer is made for grant of licence, the same per se may not be sufficient to arrive at a conclusion that the owner of copyright has not withheld its work from public. When an offer is made on an unreasonable term or a stand is taken which is otherwise arbitrary, it may amount to refusal on the part of the owner of a copyright.

44 *Supra* note 42 at 385.

45 *Id.* at 386.

46 *Id.* at 386.



This interpretation also is in tune with the context in which the court was examining the issue. The court seems to have appreciated the danger of abuse of monopoly by the owner of copyright in case it refuses to recognize the power of Copyright Board to interfere.

It was further contended by the respondent that sub-section (2) of section 31 limits the power to issue licence only to one person. This too was rejected by the court resorting to purposive construction⁴⁷ of the section and observed thus:⁴⁸

... The same however would not mean that only one person is entitled to have a licence for all time to come or for an indefinite term even in perpetuity. A licence may be granted for a limited period; if that be so another person can make such an application. Subsection (2) of section 31 would lead to an anomalous position if it is read literally. It would defeat the purpose and object of the Act. It has, therefore, to be read down. Purposive construction therefore may be resorted to.

Protection of public interest of access to works at affordable cost seems to be the principle that persuaded the court to reach this conclusion. This is a laudable approach by the Supreme Court and one hopes that this trend continues in similar situations in all fields of intellectual property laws.

Power of copyright society to file civil suit

Section 55 of the Copyright Act confers on the owner of copyright different civil remedies in case of infringement of copyright. The Act also recognizes the owner of the copyright the right to assign or licence his rights.⁴⁹ In case of infringement of the rights it is expressly stated in section 61 that the exclusive licensee has also the right to file civil suit provided the owner of copyright is also included as defendant in the suit.⁵⁰ It is in this context the question arose in *Phonographic Performance Ltd. v. Hotel Gold Regency*,⁵¹ whether a copyright society registered under the Act has the right to file civil suit on behalf of the owner for infringement of copyright. In this case the owners of copyright in sound records licenced their work to the Copyright Society, the plaintiff (PPL). The licence agreement also

47 Court relied on *New India Assurance Co. v. Nusil Neville*, (2008) 3 SCC 279 and *Bharat Petroleum Corp. v. Maddula Ratnevellu*, (2007) 6 SCC 81.

48 *Supra* note 42 at 390.

49 See ss. 18 and 30.

50 S. 61(1) reads: In every civil suit or other proceeding regarding infringement of copyright instituted by an exclusive licensee, the owner of the copyright shall, unless the court otherwise directs, be made a defendant and where such owner is made a defendant, he shall have the right to dispute the claim of the exclusive licensee.

51 2008 (37) PTC 587 (Del).



authorized PPL to file infringement suit in case of violation of rights. The present suit was filed by PPL against the defendants for copyright violation. It was contended by the defendant that PPL had no right to file the suit as per the Act since they were not the exclusive licensee of the work. It was argued by the defendant that since section 34⁵² empowered the society to have exclusive authorization for licensing the work they must be treated as exclusive licensee under the Act for the purpose of filing the suit. Rejecting the argument the court reasoned thus:⁵³

I have already indicated above that section 34 of the Act only permits the grant of exclusive authorization by the owners to the copyright society for grant of licence, collection of fees and distribution thereof amongst the owners. The Act does not permit the grant of any authorization by the owners to the Copyright Society to sue for infringement of copyright and seek injunction, damages, account or other civil remedies as provided in section 55 thereof. The parties can agree to do what the law permits them to do. If they agree on something which is not permissible under law, such an agreement to that extend would not be enforceable.

The court refused to consider the society as exclusive licensee under section 61 since it did not consider them to have that power under section 34. This is a restrictive interpretation of the provisions of the Act defeating the very purpose for which copyright societies are formed. It is true that there is no express provision in section 34 authorizing the society to take action. But the intention of recognizing copyright societies is to facilitate collective management of rights by owners since it is difficult for individual owners to enjoy the rights by licencing and effective enforcement. It is not only for licensing, collection of royalties and its distribution but also for effective enforcement of the rights the societies are formed and registered. It is also the practice that the societies file suits to enforce the rights on behalf of the owners. Keeping this objective in mind the court should have interpreted the word “exclusive authorization” in section 34 to mean exclusive licensing of the rights of owners and treated the society as exclusive licensee and recognized their right to file civil suit following the mandate in section 61.

Fair dealing

There are many grounds on which one can use copyright works without

52 S. 34(1) reads: Subject to such conditions as may be prescribed,- (a) a copyright society may accept from an owner of rights exclusive authorisation to administer any right in any work by issue of licences or collection of licence fees or both; and (b) an owner of rights shall have the right to withdraw such authorisation without prejudice to the rights of the copyright society under any contract.

53 *Supra* note 51 at 596.



the authorization of the owner. Section 52 is one of the most important provisions in the Act intended to cover many activities that are necessary to promote the progress of art, culture and facilitate access to copyright works to the public. Fair dealing is one of the provisions to encourage the use of work for facilitating dissemination of information and producing competing works without affecting the reasonable enjoyment of the copyright by the owner of works. The Delhi High Court in *Chancellor Masters and Scholars of University of Oxford v. Narendra Publishing House*⁵⁴ examined the scope of fair dealing in section 52(1) (a)⁵⁵ with reference to use of questions in one work to produce a guide with answers to those questions. The plaintiff claimed copyright in the book “Oxford Mathematics Part A and Part B” prepared by A.K. Roy based on the syllabus for class XI of J&K State Board of School Education. It was alleged that the defendants infringed the copyright in the book by copying all the questions at the end of each chapter to prepare a guide solving the questions by providing step-by-step approach to finding the answer. The defendant claimed exemption under section 52(1)(a) copying the work as fair dealing for “review” of the book. After examining the objective of the section based on US and English cases the court observed thus:⁵⁶

The doctrine of fair use then, legitimizes the reproduction of a copyrightable work. Coupled with a limited term, it guaranteed not only a public pool of ideas and information, but also a vibrant public domain in expression, from which an individual can draw as well as replenish. Fair use provisions, then must be interpreted so as to strike a balance to the copyright holder, and the often competing interest of enriching the public domain. Section 52 therefore cannot be interpreted to stifle creativity, and at the same time must discourage blatant plagiarism. It, therefore, must receive a liberal construction in harmony with the objectives of copyright law. Section 52 of the Act only details the broad heads, use under which would not amount to infringement. Resort, must, therefore be made to the principles enunciated by the courts to identify fair use.

Following the four step test evolved by the US courts in finding out fair use, the court gave emphasis to the transformative character of the work. According to the court “if the work is transformative, then it might not matter that the copying is whole or substantial. Again if it is transformative, it may not act as a market substitute and consequently, will not affect the

54 2008 (38) PTC 385.

55 S. 52(1)(a) reads: “a fair dealing with a literary, dramatic, musical or artistic work not being a computer programme for the purposes of - (i) private use, including research; (ii) criticism or review, whether of that work or of any other work; “

56 *Supra* note 54 at 397.



market share of the prior work”.⁵⁷ Applying this test to the facts of the present case the court held the use as fair dealing for ‘review’ and opined:⁵⁸

The purpose and manner of use of the questions found in the plaintiff’s text books, by the defendants is thus different; additionally, in their books, missing in the plaintiff’s work are the steps or process of problem solving. Thus, the defendants work can be said to be “transformative”, amounting to “review” under section 52(1)(a)(ii) of the Act. Here, the term “review” has to be interpreted in the context. The plaintiff’s claim to copyright is premised by the work being a “literary” one. The review or commentary of a part of such mathematical work too would have to be seen in the background of this claim.

“Review” according to the Shorter Oxford Dictionary (5th edition) means “view, inspect or examine a second time or again”. In the context of mathematical work a review could involve re-examination of a treatise on the subject. In that sense, the defendants revisiting the questions and assisting the defendants to solve them, by providing the “step by step” reasoning prima facie amounts to review, thus falling within the fair dealing provision of section 52(1)(a)(ii) of the Act.

The decision of the court and the reasoning adopted deserve appreciation. While the general principles followed by the court for interpretation of section 52 is valuable, the adoption of the four step test laid down by the US courts for interpreting various provisions of section 52 without appreciating and examining it in the specific Indian conditions could create problems. It is evident from the large number of exceptions given in section 52 that the four step test need not be followed in all the cases since some are very specific and contextual. Even in other cases since the social, cultural and economic conditions in India are different from that of US, the four step test evolved there based on their conditions need close study in the Indian context before blindly following it.

Injunction – Anton Piller order

Issue of *ex parte* injunction along with appointment of local commissioner to collect evidence has become a routine matter in the Delhi High Court. Popularly known as *Anton Piller* like order, this was initially issued in software infringement cases but are now granted in almost all intellectual property matters resulting in abuse and attracting criticism. This seems to be the reason for the division bench of the Delhi High Court in *Autodesk Inc. v. A.V.T. Shankardass*,⁵⁹ issuing guidelines for the issue of this

⁵⁷ *Id.*, at 391.

⁵⁸ *Id.*, at 398.

⁵⁹ 2008 (37) PTC 581.



type of orders in case of software infringement. In this case the single bench though issued an *ex parte* injunction order refused to appoint the local commissioner for collection of evidence. On appeal the division bench appointed a local commissioner and the parties filed a compromise petition. While disposing of the case the parties insisted the court to lay down guidelines for issue of such orders. The court formulated the following guidelines in case of software infringement:⁶⁰

The object of appointment of Local Commissioner in software piracy matters is not, as much to collect evidence but to preserve and protect the infringing evidence. The pirated software or incriminating evidence can only be obtained from the premises of the opposite party alone and in the absence of an *ex parte* appointment of a Local Commissioner there is likelihood that such evidence may be lost, removed or destroyed;

Request for *ex parte* appointment of a Local Commissioner in such matters is usual and in fact is intended to sub serve the ends of justice as it is imperative to have an element of surprise so that the actual position is not altered;

The test of reasonable and credible information regarding the existence of pirated software or incriminating evidence should not be subjected to strict proof or the requirement to demonstrate or produce part of the pirated software/incriminating evidence at the initial stage itself. It has to be tested on the touchstone of pragmatism and the natural and normal course of conduct and practice of trade;

It may not always be possible for a plaintiff to obtain any admission by employing decoy customers and gaining access to the defendant's premises. Any such attempt also inheres in it the possibility of disappearance of the pirated software/incriminating evidence in case the decoy customer is exposed. Accordingly, visit by decoy customer or investigator is not to be insisted upon as per condition. A report of private investigator need not be disregarded or rejected simply because of his engagement by the plaintiff. The information provided by the private investigator should receive objective evaluation;

In cases where certain and definite information with regard to the existence of pirated software or incriminating evidence is not available or where the court may nurture some element of doubt, it may consider asking the plaintiff to deposit cost in court so that in case pirated software or incriminating evidence is not found then the defendant can be suitably compensated for the obstruction in his work or privacy.

⁶⁰ *Id.* at 586.



It is evident from the above guidelines that these are meant to ensure that the court issue orders to the plaintiff when it is asked for. What is important in such cases are the protection of the materials of the defendant in the computer and privacy of the defendant who is not before the court. These orders are used to disrupt the regular work of the defendant and also use it to discredit his reputation.⁶¹ It is unfortunate to note that the court refused to lay down any guidelines to protect the interest of the defendant so that a balance is maintained in achieving the ends of justice. This seems to be the reason for the parties requesting the court to include the suggestion of taking ghost copies and not to remove the computer, hard disk etc. The court left these issues to be dealt with the court issuing the orders. It is disappointing to note that there is no attempt by any court to issue direction as to the manner in which the visit has to be conducted and evidence collected protecting the genuine business interest of the defendant. It is always the small and medium size industries which are normally affected by such orders and the difficulties of the legal system in defending such cases which compel such parties to agree for compromise. It is evident from this case itself that the order is used by the parties to get compromise without any further proceeding. It is time for the court to have a revisit on such orders and issue directions to protect the business interest of the defendants while meeting the ends of justice.

IV PATENT

Inventive step in case of invention based on traditional knowledge

Patenting of products of traditional knowledge has been expressly prohibited under the Indian Patent Act.⁶² But *Dhanpat Seth v. Nil Kamal Plastic Crafts Ltd.*,⁶³ reflects the attempt to claim patent for products of traditional knowledge after making marginal changes and the failure of patent office to prevent this following new provisions in the Act. This is an appeal from the decision of a single bench rejecting an injunction to the appellant for the alleged infringement of his patent for “Kilta”, a traditional product used for carrying agricultural products. The appellant obtained a patent from the Indian Patent Office with effect from May 2002 for this product made out of polymeric material. The claim reads “a device for hauling agricultural product comprising a container of synthetic polymeric material”. The present suit was filed to prevent the defendant (respondent) from manufacturing the same violating the patent. The respondent argued that the invention lacked

61 Blog SPICY IP [SPICY IP] Ghost Post on IP (Software) Raids: Court Sponsored Extortion? Mon, March 30, 2009 11:45 am, spicyip@googlegroups.com, Sent by “Shamnad Basheer” <shamnad@gmail.com>

62 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”.

63 2008 (36) PTC 417 (HP)(DB).



inventive step since it was based on traditional knowledge. According to the respondent the traditional product is made out of bamboo and the patented one is the conversion of the same in polymeric material. It was also brought to the notice of the court that the application for the revocation of the patent was also rejected by the Controller of Patent. On the issue of lack of inventive step after examining the evidence and relying on the ratio in *Bishwanath Prasad Radhey Shyam v. Hindustan Matel Industries*⁶⁴ the court observed thus:⁶⁵

Therefore, in our opinion, the mere fact that the device is made of polymeric material instead of bamboo is not an inventive step involving any novelty. There is nothing new about the process of manufacturing the traditional *Kilta* made of natural material from synthetic material. Even nylon strips now added are virtually copies of the ropes used in the traditional *Kilta*. The ropes in the *Kilta* can also be adjusted by the user keeping in view the height of the person using the *Kilta* and the weight being carried by him. The mere introduction of buckles would not amount to a new device being called an invention or an inventive step.

The observation of the court is in tune with the higher standard of inventive step envisaged in the Act and its application to modified products based on traditional knowledge.

Regarding prior publication the Controller of Patent observed that “Exhibit A is a bamboo made *Kilta* with a strap but there is no proof of a date of its publication. Hence the said document cannot be taken into consideration as a citation”. This reflects the mindset of the patent office on prior art and its failure to take note of the changes introduced in section 25⁶⁶ to prevent patenting of traditional knowledge. The court criticized the approach taken by the patent office and treated it as evidence for prior publication. The effort of the court to prevent patenting of traditional knowledge deserves appreciation.

Temporary injunction

The grounds to be considered for finding out *prima facie* case for granting temporary injunction in case of infringement of new patent attracted the attention of different high courts resulting in their adopting different approaches. In *Bajaj Auto Ltd. v. TVS Motors Company Ltd.*,⁶⁷ the Madras

64 AIR 1982 SC 1444.

65 2008 (36) PTC 123 at 128.

66 S. 25(k) read: “that the invention so claimed in any claim in the complete specification is anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere”.

67 2008 (36) PTC 417. For a similar approach see also, *Hind Mosaic & Cement Works v. Shree Sahjan and Trading Corp.*, 2008 (37) PTC 128 (Guj)(DB).



high court considered the amendment introduced in the Patent Act on rights of the patentee as a significant factor in considering the *prima facie* presumption of validity of patent of recent nature in deciding the grant of temporary injunction. In this case the plaintiff, the owner of patent for an “improved internal combustion engine working on four stroke principle” used in their 125 CC FLAME motorcycle filed an infringement suit against the defendant and prayed for temporary injunction. It was alleged that the internal combustion engine of bore size 54.5 m with a twin spark plug configuration used by the defendant was in violation of the patent of the plaintiff. The defendant challenged the validity of the patent on the ground that the use of two spark plugs in an IC engine with three valves was a prior art and there was no inventive step in the use of twin spark plug in a small size bore engine since it was obviously based on the US patent granted to Honda. It was argued by the plaintiff that in the context of the new rights given to the patentee there was *prima facie* a case of validity of patent deserving grant of injunction even if the patent was a recent one and the validity was challenged. Accepting the same the court observed thus:^{67a}

Therefore, by virtue of the amended provision of section 48 as stated above, one can only come to a conclusion that while deciding about the *prima facie* case, even though no presumption of the validity of the patent can be drawn, certainly the patent obtained by the patentee can be given more weight for deciding the *prima facie* case. However, the onus of proving *prima facie* case about the validity of the patent and its infringement is still on the plaintiff and the amendment to section 48 by Act 32 of 2002 has not made any significant change on the celebrated principle of *prima facie* case to be proved by the plaintiff before granting an order of injunction pending disposal of the suit.

Applying the above principles to the facts of the case the court granted injunction and opined thus:⁶⁸

The fact that the patent creates a statutory monopoly, of course, protects the patentee against any unlicensed user of the patented device enabling the patentee to get an order of injunction, and considering that a patent has been in existence for more than 5 years, the patentee must be treated as actual user and there is a presumption of its validity....

It is difficult to appreciate the reasoning of the court since the nature of the rights granted to the patentee has no role in determining whether there

67a. *Id.* at 439.

68. *Id.* at 481.



is *prima facie* case to issue temporary injunction. It is evident that the patent is only five years old and the defendant challenging the validity of patent adduced evidence to show the existence of similar patents in US. In such circumstances if the court is not inclined to follow the six years rule normally followed in case of infringement of patents of recent origin, the effort must be to examine the case in detail and grant the relief based on evidence of *prima facie* case, balance of convenience and irreparable injuries rather than presuming validity of patent based on amendments to the Act. This judgment gives a wrong message regarding the approach to be followed in grant of temporary injunction in case of infringement of patents of recent origin.

The Delhi High Court in *F.Hoffman-la Roche Ltd., v. Cipla Ltd.*,⁶⁹ followed a different reasoning in deciding whether the plaintiff is entitled to temporary injunction in case of infringement of a patent recently granted. The plaintiff obtained a product patent for “erlotinib” in 2007 for an application filed on 13.3.1996 and marketed the drug “Tarceva” used by cancer patients. The defendants launched the same drug under the brand name “erlocip” in December 2007. The present suit was filed to prevent the defendants from marketing the drug violating the patent of the plaintiff. It was argued by the defendant that the patent is invalid since it was based on a known compound and there was no significant efficiency demonstrated to treat it as an invention. It was also contended that the invention claimed was covered under section 3(d) of the Act. According to the defendant the plaintiff was not entitled to temporary injunction since the patent was of recent origin and the validity was under challenge. After examining the precedents⁷⁰ on this issue the court observed:⁷¹

One must confess bafflement at the “six year” rule preventing Courts in India from granting interim injunction. No provision of law or rule was brought to the notice of the court in support of this practice. The six year rule appears to have crept in *Manicka Thevar*, and subsequently picked up in other judgments to be developed into a universal rule. The rule can be explained as one cautioning the courts that patent infringement actions stand on a slightly different footing, (from other cases) where the courts should not automatically grant injunction on *prima facie* satisfaction of infringement, since patents can be challenged, even in defense. It has to be seen as a rule of caution and prudence rather than a rigid, ritualistic formula of mathematical application. In the context of the

⁶⁹ 2008 (37) PTC 71.

⁷⁰ The court referred to *American Cynamide Co. v. Ethicon Ltd.*, [1975]1 All.ER 504; *Ramdev Food Products Ltd., v. Arvindbhai Rambhai Patel*, 2006 (8) SCC 726; *Bilcare v. Amartara Pvt.Ltd.*, 2007 (34) PTC 419; *Manicka Thevar v. Star Ploro Works*, AIR 1965 Mad 327; *eBay v. MercExchange*, 547 US 388 (2006).

⁷¹ *Supra* note 69 at 97.



Amended Act, where no less than five layers of scrutiny are inbuilt, what can be said is that the courts should examine the claim for interlocutory injunction with some degree of circumspection, even while applying all the tests that normally have to be satisfied when granting (or refusing) such relief...

The court further summarized the principles for grant of temporary injunction derived from various cases thus:^{71a}

In patent infringement actions, the courts should follow the approach indicated in *American Cyanamid*, by applying all factors; The courts should follow a rule of caution, and not always presume that patents are valid, especially if the defendant challenges it; The standard applicable for a defendant challenging the patent is whether it is a genuine one, as opposed to a vexatious defense. Only in the case of the former will the court hold that the defendant has an arguable case.

Based on the above principles the court examined the patent claims in detail to find out the presence of inventive step⁷² to establish a *prima facie* case and observed:⁷³

The inventive step should be such as could not have been discernable to the unimaginative person skilled in the art and not something which was published in the prior art. As extracted from the claim itself, the plaintiff has stated that the product is directed to 4-(substituted phenylamino) quinazoline derivative. The inventive step claimed in the methyl substitute is in the third position. The defendant's argument is that the above substitution is obvious to a person skilled in the art; and that this has not been answered by the plaintiff, who merely argues that the said substitution is not contained in documents relied upon by the defendant and hence the patent is not bad. There is something to be said in the argument that this is a response to an anticipation argument, which is different from the objection of obviousness. There is also some merit in the plea that comparative data regarding efficacy of the plaintiff's drug, with existing drugs, was not independently shown at the time of examination of the claim, to establish difference, significantly in regard to its efficacy from the known substance or derivative... On a conspectus of all the factors, the defendant's contention does

71a *Supra* note 69 at 98.

72 The court referred to *Graham v. John Deere*, 383 US 1 (1966) and *K.S.R International v. Teleflex*, 550 US 1 (2007) to find out the scope of the claim.

73 *Supra* note 69 at 104 (emphasis added).



not appear implausible. This is not to say that there is merit in its contention; it is not also meant to be reflective of the strength of such contentions. Any comment by the court, in that regard would be unfair to the plaintiff. The court *should refrain from conducting a mini trial as to the strength of the parties*, at the interlocutory stage. All that can be therefore said is that the plaintiff's case though arguable and though disclosing *prima facie* merit, has to answer a credible challenge to the patent, raised by the defendant.

After making all the efforts to find out a *prima facie* case and looking into the price difference between the two products⁷⁴ and its impact on cancer patients, the court refused the injunction on the following ground:⁷⁵

As observed in a preceding part of this judgment the consistent trend of courts in deciding applications seeking interim injunction, involving claims for infringement of patents have been to proceed with caution. As noticed earlier, there is more a rule of prudence than one of principle. Thus, unlike in cases involving infringement of other products, the courts have to tread with care when pharmaceutical products and more specifically life saving drugs are involved. In such cases the balancing would have to factor in imponderables such as the likelihood of injury to unknown parties and the potentialities of risk of denial of remedies.

The decision assumes importance since the court brought in the interest of third parties in deciding balance of convenience and irreparable damages. This is a welcome approach though confined to pharmaceutical products, in particular, life saving drugs. While one appreciates this reasoning of the court, it is important to ask whether there is a need for such an elaborate examination of facts and evidence when the patent is of recent origin and there is a challenge as to its validity. Though the court cautioned that while examining the evidence 'the court should refrain from conducting a mini trial on the strength of the parties' the reading of the present judgment gives an impression that the court was in fact conducting a mini trial that too based on affidavit. The detailed examination of the requirement of inventive step to find out *prima facie* case is a clear indication to this effect. It appears that it is to avoid this that the courts in earlier cases followed the six year rule as a rule of prudence so that the court could save its valuable time and leave it for the trial court to decide on the validity. It is also important to note that the courts were following this to avoid the danger of giving monopoly for a bad patent issued by the court. Even though there are different layers of scrutiny before grant of patent, it is now well established that the number of

⁷⁴ Rs. 48,000/ 10 tablets in case of drug of plaintiff and Rs.1,600/ per tablet that of defendant.

⁷⁵ *Supra* note 71 at 105.



bad patents are increasing given the pressure of work in the patent office and lack of opposition in many cases. In such context the six year rule of prudence makes much sense since it is difficult for a defendant to imitate a good patent within such short period. The assumption is that earlier the infringement of patent, its validity is in doubt due to the low level of inventive faculty which is easier for a skilled person to imitate without much effort. Once the six year rule of prudence is followed it is worth examining whether it is necessary for the courts to examine the existence of *prima facie* case through a “mini trial” and find out balance of convenience and irreparable injuries. Instead, in such cases it is worth considering imposing strict conditions on the part of the defendant by way of adequate security (substantial in nature) for the loss if any going to be suffered by the plaintiff. The courts may also follow the rule of awarding exemplary damages of a very high nature in such cases if the plaintiff finally succeeds the case. This approach would act as adequate threat to the defendant from challenging the validity of patent without sufficient ground.

Exclusive marketing right

The decision of the Supreme Court in *Glaxo Smith Kline PLC v. Controller of Patents and Designs*,⁷⁶ assumes much academic interest in the context of the 2005 amendment to the Patent Act. In this case the Controller of Patent in January 2005 rejected the application originally filed in 2002 since the law was amended and the provision dealing with exclusive marketing rights (EMR) was deleted from the Act. It was argued before the Supreme Court that since the application was filed based on the old provisions the case must be decided based on the then existing law and not based on the amended provisions. The court accepted this argument based on rules of interpretation of application of existing law and directed the Controller of Patent to examine the right of appellant to claim EMR based on the old provisions since his application was filed before the amendment. The interesting question was the consequence of granting EMR by the controller. Assuming that the EMR was granted by the controller in 2008 based on the decision of the Supreme Court, it was effective only for five years (in this case till 2007). It appears that this is not going to give any benefit to the petitioner since the period is over. It is worth examining whether this will enable the applicant at least to take action against those who were manufacturing the drug during 2002 to 2007. This may not be possible since there was no EMR when the actual manufacture took place and the parties had no notice of the same. It is also important to note that after the 2005 amendment of the Patent Act the controller can examine this patent application and decide to grant or reject the patent. Assume further that the controller granted the patent. The general rule is that the patent dates back

76 2008 (38) PTC 1.



to the date of application. Because of section 11A (7) proviso⁷⁷ introduced in 2005 the rights of the patentee in such cases will be with effect from the date of grant of patent and not from the date of application (1998 onwards in this case). Hence, the patentee cannot take action against those who are manufacturing the product till grant of patent. Even if they continue with the manufacture of the product after the grant of patent, because of the new proviso in section 11A (7) the remedy is only for reasonable royalty and not action for infringement.⁷⁸ In the above context it is interesting to watch how the appellant is going to implement this judgment and enjoy its benefits.

V DESIGN

Prior publication – burden of proof

The Supreme Court in *Bharat Glass Tubes Ltd. v. Gopal Glass Works Ltd.*,⁷⁹ examined the nature of proof required to establish prior publication of a design. This is an appeal on the cancellation of the design registration on the ground of similarity of design existing in England. The design is an eye catching shape, configuration, ornamental pattern, get up and colour shade to be applied in glass sheet. For application of the same two rollers manufactured in Germany was purchased by the applicant. The design to be applied in the glass is embedded in the rollers. The glass sheet is passed through these rollers for the purpose of creating the design in the sheets. It was contended that the design fixed in the roller was a prior publication of the design hence not registrable in India. It was also alleged that the same rollers were registered in England for use in glass sheet. But it was contended by the appellant that there must be evidence to show that the design was applied in glass sheet to establish prior publication. According to the appellant the mere fact of manufacture of the roller with the design would not affect the novelty of the design if it was not actually applied in the glass. Accepting the argument the court observed thus:⁸⁰

The German company only manufactured the roller and this roller could have been used for bringing a particular design on the glass, rexin or leather but we are concerned here with the reproduction of

77 S. 11A (7) proviso reads: “Provided further that the rights of a patentee in respect of applications made under sub-section (2) of section 5 before the 1st day of January, 2005 shall accrue from the date of grant of the patent”.

78 S. 11A (7) proviso reads: “Provided also that after a patent is granted in respect of applications made under sub-section (2) of section 5, the patent-holder shall only be entitled to receive reasonable royalty from such enterprises which have made significant investment and were producing and marketing the concerned product prior to the 1st day of January, 2005 and which continue to manufacture the product covered by the patent on the date of grant of the patent and no infringement proceedings shall be instituted against such enterprises.”

79 2008 (37) PTC 1.

80 *Id.* at 12-13.



the design from the roller on glass which has been registered before the registering authority. Therefore, this design which is to be reproduced on the article i.e., glass has been registered for first time in India and the proprietary right was acquired from the German company. We have gone through the letter of the German company and it nowhere says that this was reproduced on a glass sheet. No evidence was produced by the complainant that this design was reproduced on a glass sheet in Germany or in India. The contents of the letter are very clear. It shows that it was designed in 1992 and was marketed in 1993. But there is no evidence to show that this design was reproduced on glass sheet anywhere in Germany....

... Now the question is whether it is new or original design. For that it is clear that there is no evidence to show that this design which is reproduced on the glass sheet was neither registered in India or in Germany or for that matter in United Kingdom...

This case reflects the importance of producing evidence of prior registration or use of the design. Though the parties produced materials from the internet regarding registration of the design in England this was not treated as adequate by the court.

Subject matter - Meaning of “article”

The Division Bench of the Bombay High Court examined the scope of the definition of ‘article’ in the Design Act in *Marico Ltd., v. Raj Oil Mills Ltd.*,⁸¹ and observed that there is no need of independent existence of the part of the article for registration. Reversing the interpretation given by the Single Judge following the English decision in *Ford Motor Co. Ltd Design Application*⁸² the Division Bench held that since the wording in the English and Indian Act, are different the precedent has no value in interpreting the Indian law. The observation of the Court is pertinent:⁸³

The observation of House of Lords as reproduced above and as relied, therefore, cannot be read in isolation without considering the existing enlarged definition of an “article” under the Act. The similar provisions of English statute as relied, even if read, is in no way similar and/or identical with the newly inserted words under the Act. The English statute and/or the decision as referred above, in view of the amended definition cannot be extended in such a fashion to interpret the Act, by holding that “a part must have independent life as an article of commerce and not by merely an adjunct of some

81 2008 (37) PTC 109.

82 [1995] RPC 167.

83 2008 (37) PTC 109, at pp 113-14.



larger article of which it is formed part. The cap involved in the present case not independent life of an article of commerce.

It appears that the court failed to examine the objectives of design law while making the above observation. If the intention is to facilitate competition in the market and also ensure that spare parts are not monopolized the interpretation given by the single bench following the English law seems correct.

It is interesting to note that the court refused injunction in this case since the court found that the shape and colour combination of the cap of the respondent is different from that of the registered cap of the appellant.

VI CONCLUSION

The analysis of cases reported in 2008 signify that our judiciary is catching up with its counterparts in developed countries in keeping pace with latest thinking on different segments of the intellectual property laws.