

# INTELLECTUAL PROPERTY LAW

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## I INTRODUCTION

INDIA HAS a well established legislative, administrative and judicial framework to protect the intellectual property rights (IPR) of the creators of intellectual property (IP). The IPR regime is completely TRIPS<sup>1</sup> compliant. The two trade policy reviews conducted by World Trade Organization (WTO) in 2007 and 2011 with respect to India have found the Indian IPR regime to be adequate. All the laws are amended from time to time to meet the obligations under international scenario and to fulfill the national obligation to promote accelerated development and growth of the country. The number of cases filed and decided by the courts show the ever growing awareness of IP rights of IP owners. The year 2013 was very significant as questions of law with respect to entertainment industry, sports events, privacy rights of public officials, designs law; Patent Cooperation Treaty, 1970 (PCT) *etc* were decided by different high courts. The Supreme Court of India interpreted section 3(d) of the Patent Act, 1970 in a manner that reiterated the fact that India discourages the abysmal practice of the pharmaceutical companies from evergreening patents.

## II COPYRIGHT

### **Entertainment: film and music industry**

*Author – cinematograph film*

In *Ramesh Sippy v. Shaan Ranjeet Uttam Singh*,<sup>2</sup> the question of authorship/ownership of the film ‘Sholay’ was under consideration. After a detailed discussion, the court came to following conclusions:<sup>3</sup>

- a. In case of a cinematograph film, the person who finances and takes the risk of making the work is the owner of copyright in the film. In the instant case,

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1 Agreement on Trade Related Aspects of Intellectual Property

2 2013 (55) PTC 95 (Bom).

3 *Id.* at 117-118.

the court came to the conclusion that the firm Sippy Films is the owner and not the plaintiff, who had ceased to be a partner in the firm prior to the date on which it was completed. “Producers” in relation to a cinematograph film means a person who takes a initiative and responsibility for making the work. Owner of copyright in the film is the one who takes the risk of commercial failure i.e. one who will lose the money if the film flops and who will reap the fruit of commercial success.

- b. The authorship of a work is to determine when the work comes into existence and in case of a film it is when the film is completed. Section 13(2) does not set out any pre-requisite for authorship. Authorship of a cinematograph film arises on completion and not on publication. Completion and publication are two different things. Be it published or unpublished the work has to be completed.
- c. An author can be a natural or a juristic person under the Copyright Act. Section 13(2) (ii) states that author needs to be a citizen of India (and accordingly, a natural person) or may be domiciled in India which may be a company or a partnership firm. Citizen of India and domiciled in India are two different concepts and are to be read disjunctively.
- d. Since the plaintiff is not the author/owner of copyright it cannot have the moral rights in the film.

In *Kapil Chopra v. Kunal Deshmukh*,<sup>4</sup> the plaintiff had registered his script “ZERO” with the Film Writers Association on 12.11.07 and thereafter handed over the full script to the director and producer of the film on the trust that the script will be used for production of a film. The plaintiff realized from the promos of the film ‘JANNAT 2’ that it was based on the plaintiff’s script. The defendants asserted that there have been films with the similar story in the past and their film is based on some Korean film “Internal Affairs” thus there is no infringement. The plaintiff filed a complaint before the Dispute Settlement Committee of the Film Writers Association, which came to the conclusion that the film ‘JANNAT-2’ was not an original creation. Thereafter the plaintiff filed a suit for infringement of copyright and for breach of confidence against the producer and the director of ‘JANNAT 2’.

The Division Bench of the Bombay High Court after going through the facts of the case granted injunction as there was breach of confidence and apparent infringement of copyright of the script writer. The court observed that though the Film Writers Association is not a tribunal and its decision may not have force of law but it definitely has persuasive value as it is equipped to ascertain whether there is any infringement of copyright.

The case will certainly receive an applaud from the writers and artists as the court categorically remarked that the embodying of unscrupulous elements from

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4 2013 (53) PTC 58 (Bom.).

exploiting the writers and artists need to be snubbed. They felt that it is necessary to send a strong message that creations of story writers need to be treated with dignity and respect and cannot always be made subservient to the commercial interest of distributors and producers.

In *Salim Khan v. S.P. Mehra*,<sup>5</sup> the plaintiff filed a suit for restraining the defendants from infringing the copyright of the story, dialogues and screen play of the Hindi feature film “Zanjeer” by exhibiting releasing, displaying or communicating to the public anywhere in the world the remake film “Zanjeer” in Hindi, Telugu or any other language.

### **Moral rights of author**

In *Arun Chadha v. OCA Production Pvt. Ltd.*,<sup>6</sup> the plaintiff entered into agreement with an author of repute, who had written a book titled “Kasturi Kundal Bassey”; for making a serial/film based on the book. Thereafter the plaintiff entered into an agreement with the Department of Adult Education (DAE) for funding the proposed venture, in return of which the plaintiff assigned the rights of the proposed film/serial in favour of DAE. The defendants aired the serial without giving credit to the plaintiff’s name and other names as well. The names of the producer, director, camera man, editor and the name of the serial were all changed except the author of the book and the cast. The court held that the modifications made in the work of the plaintiff were covered within the ambit of section 57 and thus violated the moral rights of the producer/author of the serial. The principle underlying section 57 is that damage to the reputation of an author is something apart from the infringements of work itself.

### **Role of cinema**

Cinema is not only an entertainment industry but also a potent weapon for social change. Thus the film makers have no unbridled right to tarnish the image and reputation of any individual or institution, that too in the absence of any foundation for the same. One cannot be oblivious of the fact that the main stay of film industry is not only entertainment but also commercial gains and in this pursuit to earn huge profits the cinema makers have no right to trample upon, disrepute or disparage the reputation of the others.

In *Bata India Ltd. v. A.M. Turaz* <sup>7</sup> the defendants were restrained from releasing, transmitting, distributing, exhibiting, performing or communicating to the public by any means of technology of the impugned song ‘Mehngai’ using the name of the plaintiff therein. Plaintiff was the owner/exclusive licence of legendary brands including BATA, Marie Claire, Hush Puppies, and Scholl *etc.* It enjoys high reputation for its honest and principled conduct, quality and reliability of

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5 2013 (55) PTC 122 (Del.).

6 2013 (53) PTC 401 (Del.).

7 2013 (53) PTC 536 (Del.).

their products. The matter was taken before the division bench which vacated the interim injunction imposed by the single bench.<sup>8</sup> The court held:<sup>9</sup>

The movie raises a burning social issue which the court found is a matter of public debate on the streets and the press, the struggle between the 'haves' and the 'haves nots'. The struggle for political power and the control over the philosophy of the state. Seen from this viewpoint, the court held that in its contextual setting, viewed and heard as a whole, the song is derogatory or defamatory of the House of Bata. Since names of four leading and well-known industrial houses have been used, and the statement naming them is *prima facie* not likely to be taken literally by the viewer/listener, the court held that the use of names is merely a reference to capitalist class and not any individual industrialist and therefore is not defamatory.

The division bench has set a wrong trend in allowing the names of some capitalist to be used. The lyricists can be creative and yet restrictive in approach. The bench raised serious issues but dealt with it in a very causal manner. The freedom of speech and expression of the movie maker cannot violate the right to reputation and goodwill of another in a derogatory manner.

### **Fair dealing**

In *India TV Independent News services Pvt. Ltd. v. Yashraj films Pvt. Ltd.*,<sup>10</sup> very interesting questions with respect to section 52 which deals with fair dealing and applicability of doctrine of *deminimis* to copyright cases. The case deals with three situations:<sup>11</sup>

A consumer awareness advertisement in shown on TV. The intent is to create the scene in a small kirana shop where the owner feels dejected as he is not able to sell adulterated and counterfeit goods. He is told by the shop attendant to pack up and return to the village. The advertisement does not bring any financial gain to the advertiser as it is a consumer awareness advertisement. In the backdrop is the musical score "mera chain vain sub ujadha" from the song kajarare of the film *Bunty aur Bubli*.

The court held that the viewer would remember the advertisement for its socially educative thrust and not the song used. The song is played to give a real touch to the kirana shop. The infraction of copyright law is trivial and thus attracts the defense of *deminimis*.

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8 *Prakash Jha Productions v. BATA India Ltd.*, 2013 (54) PTC 303 (Del) (DB).

9 *Id.* at 308.

10 2013 (53) PTC 586 (Del) (DB).

11 *Id.* at 590-598.

- b. Vasundhra Das, a young budding singer was interviewed. The overall focus of the programme was to bring out the childhood days, college days, her friends and social circle, how music fascinated her and how she got a break in life and what were the milestones achieved by her. During the interview she was requested by Emcee of the show to sing a few lines from songs sung by her in the movies. The orchestra performs live to give the musical score to her voice.

The court held that the chat show in question was for 45 minutes out of which Vasundhra sung at different intervals few lines from nine songs and the total time consumed was less than ten minutes. The intention was to introduce Vasundhra to viewers and not to violate copyright of the producers of the sound recording of her songs. The viewers would remember the programme as one encapsulating her life and not for the songs. The court allowed the defence of de minimis to Vasundhra and to India TV in relation to the programme “India Beats”.

- c. The court prohibited the programme from showing visual clipping from any cinematograph films in the show as that resulted in infringement of copyright of producers.

### **Punitive damages**

In *Super Cassettes Industries v. Rachana Television Pvt. Ltd.*,<sup>12</sup> the Telugu channel by the name NTV made extensive use of copyrighted works/songs of plaintiff without any licence to broadcast from them. The defendant continued to infringe the copyright of plaintiff inspite of communications regarding legal notice and interim injunction from court restraining them to do so. In the light of these circumstances the court imposed compensatory damages of Rs. 2 lakhs and punitive damages of Rs. 3 lakhs along with the cost assessed at Rs. 50000/-. The court rightly held that the punitive damages should be really punitive and not flee bite and quantum should depend upon the flagrancy of infringement.

### **Entertainment: sports events**

A lot of money is spent in organizing the tournaments and person sponsoring the tournaments have a right to claim exclusive association with the tournament. Sports entertainment has become a huge industry with lots of revenue involved.

In *New Delhi Television Limited v. ICC Development (International) Ltd.*<sup>13</sup> the respondent instituted a suit seeking permanent injunction to restrain the appellant from infringing their copyright in the broadcast of the cricket matches organized by ICC. It is pleaded that ESPN (Mauritius) Ltd. had acquired the broadcasting and the reproduction rights from ICC for all cricket matches organized by ICC till

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12 2013 (55) PTC 122 (Del)

13 2013 (53) PTC 71 (Del)

the year 2015, as per the exclusive license agreement 2007. Thus, it acted as host broadcaster and provided broadcast services in the form of making live transmission, recording, editing, and in the process produced a broadcast field. It has the exclusive broadcasting rights for ICC events which include making live transmission, deferred transmission and/or delayed transmission on designated channels by means of any delivery system and any permitted payment.

The appellants did not deny the proprietary rights pleaded by respondents, but claimed the benefit of section 30(b) and section 52(1) (a) (ii) of the Copyright Act, 1957. According to these provisions reporting of current events and current affairs do not constitute an infringement of copyright.

The court followed *British Broadcasting Corporation Ltd. v. British satellite Broadcasting Ltd.*<sup>14</sup> Cited with approval in *ESPN star sports v. Global Broadcasting News Ltd.*<sup>15</sup> wherein it was held that sporting news programmes which were by way of analysis or review of matches would not qualify as ‘reporting current events’. It would qualify to be a case of “reporting” if the broadcast is ‘result oriented’ and not “an analysis by the way of review or comments.” Court in the present appeal held that use of footage in a magazine type programme in which commercial advertisements are aired, are not permissible. Further it held that for future events, the TV channels would use the footages strictly in accordance with the law declared by us or they would be free to pay money and purchase the right to use footage as per the agreement with either ICC or the broadcaster to whom ICC has assigned the broadcasting and reproduction rights.

In *Star India Pvt. Ltd. v. Piyush Agrawal*<sup>16</sup> the plaintiff is the first owner of copyright in the broadcast of cricket matches. He states that the copyright includes mobile rights and mobile activation rights. He has sought an interim injunction against the defendants alleging that the latter has violated those rights, which as per the agreement with BCCI, were exclusively assigned to the plaintiff. Alternatively, the defendants contend that they only publish the match information after it has come into public domain and that the information arising from the match is purely factual in nature and acquires the position of news. The defendants have also submitted that their actions do not amount to free-riding on the efforts of the plaintiff because they neither copy the actual content of the broadcast nor provide access to audio or visual footage of the broadcast. He further states that the plaintiff and BCCI at best, can only claim broadcasting rights and copyright over the cinematograph film of the cricket match or audio recording of the commentary *etc.*, to the extent it is recognized under the Act.

Considering the arguments of the parties, the court held that it is unnecessary to determine whether the plaintiff has absolute proprietary rights under common

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14 (1992) 1 ch. 141.

15 2008 (38) PTC 477 (Del).

16 2013 (54) PTC 222 (Del).

law over all the information which arises from a cricket match. The plaintiff is only seeking the declaration of a right to generate revenue by monetizing the information arising from an event, which has been conceptualized, developed, created and organised by the sole efforts and expenditure of the BCCI; as its assignee. Admittedly, in order to monetize the expense, effort and skill employed in organising cricket matches in India, the BCCI conducted an auction in April 2012 to assign exclusive rights such as television rights, audio rights, internet rights and mobile rights, for all BCCI events. Besides, it has also been submitted that the 'Mobile Rights' and 'Mobile Activation' rights were also available on an 'a la carte' basis at a cost of Rs. 50 lakhs per match. Applying the test of unjust enrichment, it is amply clear that the defendants are enriching themselves at the cost of the plaintiff.

Mobile Activation Rights means the right to make available any form of BCCI-branded schedule; match and score alert and application exploited *via* SMS, MMS or any other form of Mobile Communications Technology or Mobile Wireless Technology; It is clarified that no other form of exploitation would be permitted such as competition, game, fantasy event, predictor game, application or other activation which are expressly prohibited.

Mobile Rights means the Mobile Activation Rights and the right to deliver or provide access to the Feed or Footage, the Audio Feed, any Unilateral Commentary and Unilateral Coverage in the Territory during the Rights Period, for reception and viewing in an intelligible form on a Mobile Device where the communication link(s) used in such delivery comprises, at least in part, Mobile Communications Technology and/or Mobile Broadcast Technology but excluding Television Delivery and Internet Delivery.

The defendants in this case were restrained from reporting ball by ball or minute by minute score updates for a premium, however they can report noteworthy information after a delay of 15 minutes from live telecast. The plaintiffs, STAR and BCCI had contended that the dissemination of match information through live score cards, match updates and score alerts via Short Messaging Service (SMS)/ Mobile Value Added Services (MVAS), by the contesting defendants constitutes the tort of 'unfair competition' and 'commercial misappropriation/unjust commercial enrichment'.

## **Software industry**

### *Infringement of Copyright in software*

Infringement of copyright in software can take place by following ways:

*End user Piracy:* When any one uses software without the license from the owner of the copyright or in excess of licence.

*Counterfeit:* When the pirates make exact duplicate CDs of the original software along with holograms, trademarks, packaging, instruction manual and Certificate of Authenticity and sell them to the customers as original.

*Channel Piracy:* When the retailer (Pirate) Sells software copied on re-writable CD ROMs to the customer in the market at a fraction of the original software.

*Internet Piracy:* when infringers sell or distribute unlicensed software on the internet.

*Hard-Disk Loading:* A computer dealer or seller usually loads / installs an unlicensed copy of the copyright owner's software on to the hard drives (HDD) in the computers which are purchased by the customers. The computer dealer in such circumstances does not charge any price or charges meager price for software installation. The customers may or may not be aware that the software loaded on their computers is an illegal copy and they also become liable for infringement of copyright in software.

In *Microsoft Corporation v. Sanjay Langar*<sup>17</sup> permanent injunction was issued against the defendants as they were indulging in hard disk loading piracy.

In *Microsoft Corporation v. Ganesh Wakode*<sup>18</sup> plaintiff, Microsoft Corporation is a company organized and existing under the laws of State of Washington, USA. It is the largest software publisher in the world and its computer software including various operating systems such as Microsoft Windows XP Professional, Win Server 2003 Ent., Win Server 2000, Microsoft Professional 2003, MS Office XP Professional 2002, Office XP Professional with font page, etc. In November 2009, plaintiffs received information of the defendants infringing activities regarding unlicensed use of the plaintiffs' software programme. The plaintiffs also conducted search within its database called 'Microsoft Sales' and found that the defendants have registered in their names only three of such licenses. On independent investigation it was found that till 18.11.09, there were about 200 computer system housed by the defendants at their offices located in Mumbai, Noida and Kolkata.

The plaintiffs in the past had continuously written to the defendants requesting them to conduct a SAM Review Programme at their office, with a view to determine the extent of software programmes used by the defendant and the number of licenses held by it with respect to the plaintiff's software programmes. The defendants made no efforts towards conducting the SAM Review. On 27.11.09, he was proceeded *ex parte*, whereby he was restrained from using plaintiff's unlicensed software.

The software programmes are covered within the meaning of section 2(ffc) of the Copyright Act, 1957 and also included in the definition of a literary work as per section 2(o) of the Act. The plaintiff's works are also protected in India under section 40 of the said Act read with the International Copyright Order 1999. Thus

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17 2013 PTC (54)367(Del). Also see *Adobe Systems Inc. v. Sachin Naik* 2013 PTC (54) 443(Del).

18 2013 (54) PTC 282 (Del).

the suit is decreed and plaintiffs are held entitled to compensatory damages of Rs. 5 lakhs and punitive damages of Rs. 2 lakhs.

### **Print Media**

#### *Autobiography/biography of public figures*

In *Selvi. J. Jayalalithaa v. Penguin Books India*<sup>19</sup> the plaintiff filed a suit for seeking permanent injunction restraining the defendants from publishing the book 'Jayalathithaa A Potrait'. It is contended that the book is about her personal life as well as public life. The third defendant herself says that there is reference to the personal life of the plaintiff, which is mixed rather with her public life.

The book is neither an autobiography nor a biography. In the former a reasonable verification of facts will always be available as it is about the experiences of another. The subject of the biography has to be dictate or explains all the incidents regarding the life of that subject. In the instant case, the private life of the plaintiff was brought to focus even prior to her entering the field of politics and these contents were neither verified nor confirmed. The court held that in such circumstances the private life of the plaintiff needs to be protected even though she is a public official.

#### *Artist in employment of magazine*

In *S. Mahalingam v. Vasan Publications Pvt. Ltd.*, the Division Bench of Madras High Court<sup>20</sup> gave an interim order based on *prima facie* evidence. The question was with respect to author/owner of copyright under section 17. From the facts the court discerned that the impugned artistic works were made by the author during the currency of his employment with a magazine. The first ownership of copyright. Therefore, vested with the proprietor of the magazine to reproduce the work.

#### *Jurisdiction*

The court held that courts at Delhi have territorial jurisdiction in as much as the plaintiff/appellant alleges that defendant/respondent are selling the impugned goods in Delhi. So far as violation of copyright is concerned, it could not be disputed that under section 62(2) of the Copyright Act, 1957 it is where the plaintiff resides or carries on business in Delhi as per the case of the appellants in the plaint and therefore, even qua the cause of action of infringement of copyright, the civil courts at Delhi have territorial jurisdiction.<sup>21</sup>

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19 2013 (54) PTC 327 (Mad).

20 2013 (55) PTC 178 (Mad).

21 *Kapoor Saws Manufacturing Company v. Crown Saw Blades mfg. Co.* 2013 (53) PTC 506 (Del).

### Registration of copyright societies (2012 Amendment)

In *Asha Audio Co. v. Om Prakash Sonik*<sup>22</sup> the court made certain observations regarding section 33(3A) of the 2012 Amendment to the Copyright Act, 1957 after applying the settled principles of administrative law. It observed that the Act must prevail over the Rules of 2013 and, therefore, over Rules 47 of the said rules. The second proviso of section 33(3A) has been introduced by the Copyright Amendment Act, 2012 which postulates that every copyright society, which is already registered shall get itself registered within the time specified. Therefore, registration is mandatory and it would entail all the conditions necessary for registration. The Central Government cannot grant automatic registration and should not act as a rubber stamp. It should apply its mind while registering any society as societies are formed to protect the interests of the authors and the owners of copyright.

### III DESIGNS ACT, 2000

Full bench of Delhi High Court<sup>23</sup> discussed the law of designs in detail and gave the following opinion in reference to the questions posed by the division bench before it:<sup>24</sup> Law laid down in *Tobu Enterprises (P) Ltd. v. M/s Joginder Metal Works*,<sup>25</sup> and *Alert India v. Naveen Plastics* and all other judgments rendered by this court putting reliance upon them are not good law to the extent they take a view that suit for infringement of registered design is maintainable by one registered proprietor against another. “Any person” under section 22 cannot be restricted or narrowed down to “registered person.” A suit by the registered proprietor of Design for infringement of the registered design is not maintainable against another registered proprietor under the Designs Act, 2000 in so far as the registration covers the same features of the shape and configuration of the same article under the Design.

- a) Design right is a limited monopoly right conferred by a statute for an industrial article which has been used for commerce. It is akin to patent right. It is a statutory right and was never protected in common law.
- b) The legislative history of Design Act in India makes it abundantly clear that the Design Act has always been considered as a monopoly closer to the patent though the rights granted under the Design Act is called “copyright”. The said design right is considered as a privilege just like the patents. The tests for evaluating the novelty in patents as well as designs are the same.
- c) The court enumerated the differences between the Trademark law and the Designs law as follows:<sup>26</sup>

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22 2013 (55) PTC 240 (Cal.)

23 *Micolube India Ltd. v. Rakesh Kumar Trading* 2013 (55) PTC 1 (Del.).

24 *Id.* at 15-16.

25 See AIR 1985 Delhi 244; 1997 PTC (17).

26 *Id.* at 29-60.

- 1) Whereas the remedy under the Trade Marks Act is statutory as well as equitable in nature as it saves common law remedy, the rights and remedies under the Design Act are purely statutory in nature based on the strict world of statute.
  - 2) The rights under the Trade Marks Act are based on securing registration as well as rights exist in common law by way of prior user which may lead to distinctiveness of the mark in question in market. Unlike the Trade Marks Act, the rights in Design Act are conferred only if the design is novel on the date of application as well as original. The said aspect is not to be disclosed to public or pre published piece of art. Thus, whereas in Trade Marks Act prior user confers rights in common law; Design Act is completely inconsistent in nature as prior user from the date of application destroys the rights as the same may lead to pre publication in the eyes of the law.
  - 3) Trade Marks are registered for the period of 10 years and are renewable thereafter for the further period of 10 years each time they are due for renewal. Thus, there is no limitation on the period of trade marks to remain in force. The same also holds good for trademarks rights existing in common law. The only exception to the same is when the court declares that due to the long and extensive usage of the said mark, the said mark has become generic. On the other hand, the Design is registered for 10 years and further renewed for one more term of 5 years and in that way, the said right under the Design is for the limited period of time.
  - 4) Passing off right is saved by Trade Marks Act and not saved by Design Act.
  - 5) Validity of trade mark right cannot be seriously questioned by urging in defence in an infringement action under the Trade Marks Act (except on the limited grounds permitted by the Act and for the rest, there is a cancellation action under section 57 which is available under the Act). On the other hand, every ground of cancellation under the Design Act is permissible to be urged as a defence to an infringement action by the virtue of Section 22(3) read with Section 19 of Designs Act.
- d) An action premised on Design right cannot claim the passing off right in relation to same subject matter which is in relation to the shape of the articles as both are inconsistent with each other. The common law rights stand excluded in the case of statutory rights, therefore, the remedy of passing off is available in alternative to the statutory protection conferred by the Designs Right.
- e) Notwithstanding the above said conclusion in (e), the remedy of passing off would continue to be available along with the infringement of registered design and can be joined with the same in order to prevent consumer confusion

which may be caused by the use of the trade mark, get up, trade dress or in any other manner excepting the shape of the goods which is or was forming the subject matter of the registration of the Design.

- f) The remedy of the passing off in so far as the shape of the article is concerned shall also be available even during currency of the design monopoly or even after the expiry of same to the extent that the claim of the feature of the shape is not covered within the novelty claim under the Design monopoly rights and the said claim of the protection qualities all the necessary ingredients of the Trade Mark.
- g) A remedy of passing off in so far as the shape of the article is concerned shall not be available even after the expiry of the Design to the extent the said feature of the shape of the article is covered within the novelty claim as made under the Design Right as after expiration of the Design, the novel shape claimed under the Design Act goes in public domain.

*In Reckit Benkiser Ltd. v. Wheth Ltd.*<sup>27</sup> reference was made to full bench by a division bench to consider whether publication abroad by existence of the design in the records of the Registrar of Designs which is open for public inspection cannot be said to be “prior publication” as per the meaning of the term found in section 4(b) and 19(1) (b) the Designs Act, 2000.

The court gave the following opinion:<sup>28</sup>

- (i) Existence of a design registered abroad in a convention country is not a ground under Section 19(1) (a) for cancellation of a design registered in India.
- (ii) The provision of Section 44 does not have the effect of changing the literal interpretation of Section 19(1) (a) inasmuch as under Section 44, the foreign registered design becomes an indian registered design, although, the date of registration of the foreign registered design which is registered in India will relate back and have retrospective effect from the date of application first made in the convention country abroad. Once, the foreign registered design becomes registered in India, the very fact that it is an Indian registered design it will be a previously registered design in India, and by virtue of the priority rule the same will be a ground for cancellation of a design subsequently registered in India on an application made after the date of the priority date given of the application made abroad for registration of the design in a convention country.

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27 2013 (54) PTC 90 (Del.)

28 *Id.* at para 22.

- (iii) The benefit of foreign registered design after its registration in India for seeking cancellation of an Indian registered design under Section 19(1) (a) will only be available if the application for registration in India is made within six months of the date of the application made in the convention country abroad, notwithstanding there may be prior publication in this interregnum six months period.
- (iv) In case, the application for registration in India is not made within the statutory permissible period of six months of having made the application abroad, then, the design registered in India in the meanwhile in six months period cannot be cancelled under section 19(1)(a), though, the foreign registered design owner on proving of the prior publication can have an effective defence to the infringement action filed by the Indian registered design owner and which defence against an infringement action is available vide Section 22 relying on the ground of prior publication under Section 19(1)(b) read with Section 4(b) of the Act.

In *Asian Rubber Industries v. Jasco Rubbers* <sup>29</sup> the plaintiff had obtained registration under Designs Act in 1999, in relation to a footwear design, the registration mentioned that novelty resides in the shape, configuration and pattern of the footwear. They came to know about the defendant's infringement of the mark of the plaintiff. In June 2009 the defendant made an application for design registration identical to that of the plaintiff. When plaintiff became aware of that the defendant's design is registered, they filed proceeding for cancellation of registration.

The defendant's rubber footwear seen as whole indicates an intention to pass of their products as those of the plaintiffs. Their shape, configuration and the placement of components are identical. The product is likely to be sold not merely in the same shop but is likely to be displayed on the same shelf, thus enhancing the probability of confusion. 'Novelty' lies in the plaintiff's design which not only had the study, which was found in the 'wooden pdukas' but plaintiff's footwear also has a "Strap". There is no footwear in the market having these unique features of footwear. The novelty lies in the shape, configuration and pattern of the footwear. Therefore even if the plaintiff is not claiming to be the inventor but claiming exclusivity in the creative expression of the 'look and feel' of their products. Thus an interim injunction granted in favour of the plaintiff.

#### IV PATENTS

##### **Ever greening section 3(d)**

Pharmaceutical industry is one of the most important catalysts in improving the quality of human life and raising the health care standards of any country,

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29 2013 (53) PTC 495 (Bom) [DB].

whether developed or underdeveloped. The industry makes wide range of therapeutic and prophylactic drugs available to mankind.

Pharmaceutical inventions form one of the most intense knowledge driven sectors. It faces a unique situation not faced by other inventions. The process of drug invention is elaborate, requiring on an average eight to twelve years and a huge capital cost for a new drug to reach the market. The long gestation period and heavy cost may act as disincentive for the innovators indulgence unless strong protection is provided for.

India is a member of TRIPS and its IP Laws are TRIPS compliant. TRIPS have been a cause of concern in many countries including India. The concern being that the patent protection to pharmaceutical, agricultural and chemical products might have the effect of putting life saving medicines beyond the reach of a very large section of people. Keeping in mind the policy of government of India on public health and affordable health care an amendment was introduced in the Patents Act, 1970 through the Patents (Amendment) Ordinance 2004 which was later replaced by the Patents (Amendment) Act, 2005. Since the amendment, India has been the centre of international debate on compulsory licensing and the provision against ever greening under section 3(d).

India favours a strong patent regime is evidenced from the fact that the Indian IP Office follows a strict scrutiny and procedure for grant of patents. In India, the Bayer's cancer drug *Nexavar* is the only drug that has been granted compulsory licensing.

In *Novartis* case,<sup>30</sup> the Supreme Court followed the public health policy while sticking to the mandates created by the TRIPS Agreement. The judgment pronounced by Aftab Alam J and Ranjana Prakash Desai J can be declared as the judgment of the decade. The Supreme Court denied the patent application for the Gleevec on the ground that there was no 'therapeutic efficacy' of the drug, thereby quashing all attempts of ever greening by Novartis Company. The judgment was applauded by the Cancer Patients Aid Association as now the drug could be made available at affordable price by the generic pharma industry in India. The court affirmed that India has adopted a standard of pharmaceutical patenting that is stricter than that followed by the US or the EU. Under section 3(d), "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 ....." is not a patentable invention.

The court observed that "efficacy" means "the ability to produce a desired or intended result". The test of efficacy would depend upon the function, utility or the purpose of the product under consideration. Therefore, in case of a medicine that claims to cure a disease, the test of efficacy can only be "therapeutic efficacy".

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30 2013 (54) PTC 1 (SC).

The court had framed the following questions to which it gave elaborate answer:<sup>31</sup>

- i. What is the true import of section 3(d) of Patents Act, 1970?
- ii. How does it interplay with section 2(1) (j) and (ja)?
- iii. Does the product for which the appellant claims patent qualify as a “new product” which comes by through an invention that has a feature that involves technical advance over the existing knowledge and that makes the invention “not obvious” to a person skilled in the art?
- iv. In case the appellants product satisfies the lists and thus qualifies as “invention” within the meaning of clauses (j) and (ja) of section 2(1), can its patentability still be questioned and denied on the ground that section 3(d) puts it out of the category of “invention”?

The court went elaborately into the “How” and “Why” of the patent law in India from pre independence to post independence era and to the current scenario. The court held that on a combined reading of clauses (j), (ac) and (ja) of section 2(1), in order to qualify as an “invention” a product must satisfy the following tests:<sup>32</sup>

- i) It must be “new”
- ii) It must be capable of being made or used in an industry.
- iii) It must come into being as a result of an invention which has a feature that:
  - a. Entails technical advance over existing knowledge or
  - b. Has an economic significances and
  - c. Makes the invention not obvious to a person skilled is the art.

The court further held that “invention” and patentability” are two distinctly separate concepts. Thus, even if there is an invention but it falls under non patentable inventions then a patent cannot be granted to it.

### **PCT application**

In a writ petition filed by Puneet Kaushik<sup>33</sup> following issues were considered with respect to international application:<sup>34</sup>

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31 *Id.* at para 3.

32 *Id.* at para 90.

33 2013 (56) PTC 105 [Del]

34 *Id.* at 109.

- i) Whether permission under section 39 of the patent Act is required before an international application can be filed by an Indian national?
- ii) Whether documents filed by the petitioner with the patent office can be said to be international (PCT application) within the meaning of the Regulation under the PCT and if the said document can be treated as an 'International Application', what would be the date of filing of the said application.

The court held that Indian Patent office acts as an office which receives PCT applications, gives filing date to it and then transmits its copies to the concerned authorities such as International Bureau and International searching Authority for further processing thereafter is to be carried outside India, either by IB or ISA. The provisions of section 39 are necessarily attracted to such an application there by necessitating a written permit to be granted by the Controller, in terms of section 39.

It further held that what sub section (4) of section 138 read with sections 7(1A) and (1B) really means in terms of provision of PCT is made and India is one of the designated states mentioned in the application, there would be no need to make a separate application would serve the requisite purpose. A direction was given to the respondent to grant the international filing date in respect of PCT application to the petitioners and also assign an international number to the said application.

### **Revocation of patents**

An application under section 64 read with section 117D of the Patents Act, 1970 was filed for revocation of a patent granted to Allergan Inc. for invention "Hypotensive Lipid (prostaglandin derivatives) and Timolol composition and methods of using the same". The application was filed by Ajanta Pharma Ltd. The IPAB revoked the patent on ground of obviousness.<sup>35</sup>

## **V TRADE MARKS**

### **Jurisprudence of trademarks**

The jurisprudence of intellectual property rights in India is in the stage of development. It is the right time when distinction must be made between different aspects and rationale of different IPs like trademarks, copyright, patents G.I. *etc.* The Copyright Act covers, *inter alia*, literary, dramatic, artistic and musical works. One of purposes of the Act is to promote creativity. It is quite clear from the definition of artistic<sup>36</sup> and literary work<sup>37</sup> that the Copyright Act is not intended for labels on 'the goods in the course of trade'. Labels on goods in the course of trade were covered by the Trade Marks & Merchandise Marks Act, 1958 and now by

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35 *Ajanta Pharma Ltd. v. Allergan Inc.* 2013 (56 PTC 146 [IPAB]).

36 S. 2(c) of the Copyright Act, 1957

37 *Id.* s. 2(o).

the TM Act 1999.<sup>38</sup> The tendency of the high courts to apply the provision of the Copyright Act to the trade mark cases is an evidence of misinterpreted IP jurisprudence. One such example is *Perfetti* case<sup>39</sup> where the court held that the defendants have copied the colour scheme, get up and lay out of the plaintiff's artistic label of blue colour along with other features clearly imitating the plaintiff's artistic work in material forum without its permission in violation of section 51 of the Copyright Act, 1957. The plaintiffs were registered owners of the well known trade mark 'CENTRE FRESH' and defendant had started using a deceptively similar trade mark SUPER FRESH.

### **Deceptive similarity and passing off**

In the year 2013 following cases, *inter alia*, have dealt with the question of deceptive similarity arising from visual and phonetic similarity between competing trademarks.

'BENATE-N' was held to be visually, phonetically and structurally similar to 'BETNOVATE-N' of plaintiff. A compromise was also entered between the plaintiff and defendant with respect to defendant's marks BIPENDL and EROGIN and plaintiff's marks DEPENDAL and CROCIN.<sup>40</sup> ENAMIDE of defendant with respect to pharmaceutical and medicinal preparation was held to be deceptively similar to EMADINE of plaintiff for similar products.<sup>41</sup>

Defendant had registered a trust under the name 'DPS Trust' and was inviting franchise under the name 'DPS Kids'. Court levied punitive damages on them as it was infringing the exclusive right of 'Delhi Public School' to use the name 'Delhi Public School / DPS'. It was running eleven core schools and 118 other schools.<sup>42</sup>

Complainant was the registered owner of the trademark BLOOMBERG since 1987. It had been ranked as one of the world's best-known trademarks, having acquired secondary meaning in connection with its financial news and information business. It was also the registrant of numerous "bloomberg" and "bloomberg formative" domain names. The respondent started using various domain names like www.bloombergworldwide.com to promote real estate / property business under the name "Bloomberg Reality (India)" and "Bloomberg Development". The defendant's domain names violated the ICANN Policy therefore they were transferred from respondent to complainant.<sup>43</sup>

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38 See ss.2(m), (q), (i)(iv)(a) of the TM Act, 1999

39 *Perfetti Van Melle S.P.A. v. Om Parkash Khushwant* 2013(54) PTC 288 (Del).

40 *Glaxo Group Ltd. v. Rajesh Bansal* 2013 (53) PTC 441 (Del).

41 *Merck KgaA v. Kusumben K. Bhagal* 2013 (53) PTC 446 (Del).

42 *Delhi Public School Society v. D.P.S. Trust* 2013 (53) PTC 449 (Del).

43 *Bloomberg Finance L.P. v. Bloomberg Reality (India) P. Ltd. Bloomber* 2013 (53) PTC 457 (National Arbitration Forum).

Plaintiffs were the registered proprietor of trademark “BHARTI” having various telecommunication services including cellular, landline service, and broadband internet service. It had 50 domain names which included the word ‘bharti’. Defendant registered two domain names ‘bhartiretail.com’ and ‘bharatiretail.in’ in 2007. Court granted mandatory injunction against defendants directing them to immediately transfer the two domain names to the plaintiffs.<sup>44</sup>

The plaintiff was the owner of trademarks Liv.52 registered in July 1957 in respect of medicinal preparation for treatment of disorder of liver. Defendant started using the mark ‘LIV-T’ in relation to medical preparation for curing liver disorder. The court held that the entire scheme of the Act is that a mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion. The court applied the doctrine of “prominent and essential feature of the trade mark” and “the test of purchaser who must be looked upon as an average man of ordinary intelligence.” while deciding the question of infringement. In the present case, the plaintiff was able to prove that LIV was distinctive and essential feature of the plaintiff’s mark and not a generic term as claimed by the defendant. Defendant was not entitled to use LIV in isolation (*eg.* LIV-T) but was allowed to use it by accompanying suffixes for *e.g.*, LIVAPLEX, LIVOFIT, LIVA, LIVOL *etc.*<sup>45</sup>

Plaintiffs were manufacturing pharmaceutical preparations for treatment of depressive disorder under the name AMIXIDE since 1984. They filed the application in 2008 and obtained the registration in 2010. They plead that the defendant’s mark KIMIZIDE was visually, phonetically and structurally similar to AMIXIDE and thus would create a confusion and deception amongst the trade and public. On the other hand defendant submitted that the compositions in both drugs are one and the same, which is meant for the treatment of psychotic disorder. Both medicines could be purchased on prescription of the medical practitioner therefore; there is no likelihood of creating confusion in the mind of the public.

The court accepted submission of the defendant that it is the legally accepted practice to use the letters from the components of the drugs as the name of their product by the drug manufactures. Defendants had added two letters of their company’s name, KI along with letters of the chemical ingredients, namely, MI from AMITRIPTYLINE and XIDE from CHLORDIAZEPOXIDE, and adopted ‘KIMIXIDE’. Therefore, the plaintiff cannot claim exclusive right over the trade name.<sup>46</sup>

The plaintiffs were registered owner of trademark SATYA, and the defendants were carrying on the business in the name *Satya Infra & Estates Pvt. Ltd.* Held, a clear case of infringement of registered trademark of which plaintiffs were licensed

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44 Bharti Airtel.

45 *Himalaya Drug Company v. S.B.L. Ltd.* 2013 (53) PTC 1 (Delhi).

46 *Kivi Labs Ltd. v. Sun Pharmaceuticals Pvt. Ltd.* 2013 (53) PTC 43 (Del.)

users. Section 20 of the Companies Act 1956 also prohibits registration of a company in name which is identical with or too nearly resembles the name by which a company in existence has been previously registered or an existing trademark.<sup>47</sup>

The court granted permanent injunction against the defendant for intentionally using the plaintiff trademarks as his domain name. The plaintiff had been using the trade mark TATA/TATA INFOTECH since 1917 being the oldest conglomerate with a turnover of 9 billion, having 50 companies which use Tata as corporate name. The defendant was held liable for passing off as well as directed to cancel registration of domain name [www.tatainfotech.com](http://www.tatainfotech.com). It was shown that the defendant had registered the impugned domain name only with a view to make illegal gains out of selling this domain name either to the plaintiffs or to any third party.<sup>48</sup>

Defendant's trademark FREEWELL was held to be deceptively and phonetically similar to plaintiff's trade mark FREEMANS. Held that the defendant cannot encash on the good will of the plaintiff's trade mark.<sup>49</sup>

### **Well known Trademarks / Passing off**

Application for registration of trade mark "Maggi" for electric fans was rejected. Mark "Maggi" was already registered in international markets in favour of appellant being the surname of its founder Julius Maggi. No explanation was given by the appellants as to how they adopted the mark. Moreover, public was likely to associate the electrical goods as diversification of business. Decision under Trade and Merchandise marks Act, 1958.<sup>50</sup>

The plaintiff, a multinational financial news corporation was founded in 1982 by Mr. M.R. Bloomberg under the trademark BLOOMBERG in USA. It provided data service in many countries and reached millions of people through variety of international, multilingual media outlets, including BLOOMBERG TELEVISION, BLOOMBERG RADIO programming BLOOMBERG NEWS and a website [www.bloomberg.com](http://www.bloomberg.com). Started a 24-hours English news channel 'Bloomberg UTV' in 2008. The Trademark world magazine of April 2005 identified the trademark 'BLOOMBERG' to be the 19th most well known / famous trade mark in the world. Defendants started using the trade mark BLOOMBERG and domain name [bloombergreality.in](http://bloombergreality.in) and used it as part of corporate names. Held, plaintiff has been able to show that BLOOMBERG is a well known trade mark with transborder reputation as well as representation in India. Marks are identical; therefore, there is every possibility of deception and confusion.<sup>51</sup>

The plaintiff is registered proprietor of trademark HPL with red background in

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47 *Satya Infrastructure Ltd. v. Satya Infra & Estate Pvt. Ltd.* 2013 (54) PTC 419 (Del.)

48 *Tata sons Ltd. v. Arno Palmen* 2013 (54) PTC 429 (Del.)

49 *FMI Ltd. v. Ashok Jain* 2013 (54) PTC 424 (Del.)

50 *Societe Des Produits Nestle, S.A. v Swaraj Indus trial and Domestic Appliances* 2013 (56) PTC 94 (IPAB).

51 *Bloomberg Finance LP v. Prafull Saklecha* 2013 (56) PTC 243 (Del.)

a quadrilateral since 1956. Defendants start manufacturing and selling all kinds of solar lights, torches under the trademark HPL with identical shape and writing style. Decree of permanent injunction was passed in favour of the plaintiff.<sup>52</sup> The registered trade mark “RATHI” had been continuously and extensively used by plaintiffs and their predecessors with respect to iron and steel bars. The defendant’s use of RATHI GOLDEN for cold rolled steel bar was held to constitute infringement and passing off.<sup>53</sup>

Plaintiffs are the publishers of ‘India Today’, ‘Business Today’, ‘Computers Today’ and ‘Readers Digest’. They are also the registered trademark holders of TV News programmes ‘Subah Aaj Tak’, ‘Khel Aaj Tak’ and ‘Saptahik Aaj Tak’. The trade mark ‘Aaj Tak’ was continuously used by plaintiff since 1995. Defendants started a weekly newspapers named ‘Aaj Tak’ and had a registered email address *aajtakindia@rediffmail.com*. It was contended that it being a newspaper was governed by the Press and Registration of Books Act, 1867 (PRB ACTS) whereas the plaintiffs were running a TV channel.

The court held that the plaintiffs hold a valid registration of the trade mark ‘Aaj Tak’ in classes 38 and 41. Publishing of a newspaper by the defendant is similar to the plaintiff’s registration thus they are cognate services. The court further:<sup>54</sup>

- i. Aaj Tak is identical to registered word mark of plaintiff
- ii. There has been infringement of plaintiff’s registered trade mark in terms of Sections 29(1) and 29(2) (b) of the TM Act.
- iii. Aaj Tak, a generic expression has acquired a distinctive character and reputation in India

In *N. Thangarajan and sons v. 1<sup>st</sup> Choice Food Products*<sup>55</sup> the Madras High Court. Held that the defendant’s use of device Hanuman using the Sanjeevi Hills in his hands for ground nut oil was deceptively similar to the device of plaintiff, a registered proprietor with device plus the word mark Hanuman. The use of word mark “Chettinad” did not absolve the defendant as the similarity in labels could deceive the public. The High Court of Madras on one hand held that nobody can have monopoly to the use of picture of Hanuman as it is “Public Juris” and mythological god worshipped by scores of Hindus throughout globe. On the other, it granted injunction in favour of plaintiff on ground of confusion and deception caused by defendant’s similar label.

52 *HPL Electric and Power Pvt. Ltd. v. Sanjeev sharma* 2013 (56) PTC 464 (Del).

53 *14 Rajesh Rathi v. Gold Rathi Star Industries Pvt Ltd* 2013 (56) PTC 346 (Del).

54 *TV Today Network Ltd. v. Kesari Singh Gujjar* 2013 (56) PTC 359 (Del).

55 2013 (54) PTC 130 (Mad).

In *Keshav kumar Aggarwal v. NIIT Ltd.*<sup>56</sup> it was held that “Turning Point” is the essential feature of the composite label mark “TP-TURNING POINT” registered in the name of the plaintiff as defendant’s adoption of “NIIT THE TURNING POINT” was held to be dishonest adoption, likely to create confusion and deception.

In *Arviva Industries (India) Ltd. v. Vikas M. Tulsian.*<sup>57</sup> It was held that there was passing off and infringement of plaintiff’s trade mark ‘VIVA’ by the defendant using VIVACITY in respect of similar goods (fabric and garment industry).

### **Disparagement**

With liberalization and globalization of the Indian economy, firms have been aggressively and vigorously promoting their products and services through advertisements on TV. The advertisement campaign on the visual media creates an immediate impact on the viewer’s and purchaser’s mind. Therefore, this medium of promotion should be used very carefully and painstakingly. A person in the garb of promoting its product has no right to disparage or denigrate its competitor’s product. Whenever any such situation arises the issue in question has to be looked from the viewpoint of an ordinary person of ordinary intelligences.

In *Reckitt Benkiser (India) ltd. v. Hindustan,*<sup>58</sup> the plaintiff had filed a suit for permanent and mandatory injunction, being aggrieved by the defendant’s TV commercial which allegedly depicts a child being sick because of the usage of ‘Dettol’ as an antiseptic liquid in bathing water. It further proceeds to compare the defendant’s cosmetic toilet soap with the plaintiff’s antiseptic liquid as being “100% Better germ Protector” It was averred the intention behind the commercial was malicious especially in view of the trade literature which shows that ‘Dettol’ captures 85% of the market and is a market leader in the segment of antiseptic liquid being sold in India. The court held that the advertisement disparaged the plaintiff’s antiseptic liquid and was not merely promoting the defendant’s ‘LIFEBOUY’ soap over an ordinary antiseptic liquid.

### **Exhaustion principle**

The question involved in *Kapil Wadhwa v. Samsung Electronics Co. Ltd.*<sup>59</sup> Case was whether the Trademarks Act, 1999 embodies the International Exhaustion Principle or the National Exhaustion principle when the registered proprietor of a trade mark places the goods in the market under the registered trade mark. As per the single judge, the TMA, 1999 embodies the national exhaustion but according to the division bench, TMA, 1999 embodies international exhaustion.

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56 2013 (54) PTC1 78 (Del).

57 2013(54) PTC 199(Bom).

58 2013 (55) PTC 126 (Del).

59 2013(53) PTC 112 (Del) [DB].

In the aforementioned case Samsung (Korea) and its Indian subsidiary filed a suit restraining infringement of trade mark Samsung against the defendants who were importing printers from Korea bearing the mark Samsung and selling the same into Indian market. The printers that defendant were selling were similar to the printers sold by the Plaintiffs in India. However, the said models which the defendants were selling were not being sold by plaintiffs in India. The dispute was whether section 30(3) permitted sale of imported products without the consent of the registered proprietor? The division bench gave the answer in the affirmative with a condition that that the appellants should prominently display in their showroom that the products sold were imported and that the respondents do not provide any warranty or after sale service over such products.

In this case the respondent drew – attention of the court to views expressed by various International bodies in favour of national exhaustion. They highlighted that the gains from the adoption of National Exhaustion Principle far outweighed the gains to the consumer from the adoption of the principle of International Exhaustion. The former would be more beneficial because it encourages foreign investment to flow into India, for brand owners would set up manufacturing units in India. The court felt that this is a matter of policy, and it is for the legislature to take a call. A statute cannot be construed on the basis of policy.