Newsletter

October-November 2014 Edition

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News from the Controller General of Patent, Designs and Trade Marks (CGPDTM)

E-filing of the International Applications to the Indian Patent Office under Patent Cooperation Treaty (PCT)

Vide official notice dated 13th November, 2014, the Indian Patent office in line with the PCT Rules and the Administrative Instructions under the PCT, notified the International Bureau that it is prepared to receive and process international applications electronically with effect from 15th November, 2014. It was further notified that the Indian Patent Office will make every effort in respect of acceptance of the international applications in an electronic form subject to a condition that if the application has not been sent in accordance with the E-filing interoperability protocol then the acknowledgement of receipt would not be generated. If there is a failure in transmission of receipt then in that case the office will retransmit the notification of receipt by the same or another means. In case of failure of the system, the office will use all means such as fax or e-mail to inform the applicant about procedures to follow as alternatives.

Guidelines for Examination of Patent Applications in the field of Pharmaceuticals issued

The Indian Patent Office launched the 'Guidelines for Examination of Patent Applications in the field of Pharmaceuticals', on October 29, 2014. Work on the guidelines had commenced in June, 2013 by a committee constituted by the CGPDTM, comprising officers from all patent offices.

The published guidelines are a result of extensive collaboration and discussion both internally at the Patent Office and externally with stakeholders. After the draft guidelines were prepared by the committee, they went through two rounds of publication for inviting comments, deliberation in stakeholder meetings and revisions incorporating relevant suggestions, before final comments were accepted by the Patent Office upto October 16, 2014. Recognising that many issues relating to product patenting in the field of pharmaceuticals have become clear through decisions of courts, the Indian Patent Office foresaw a need to develop guidelines incorporating the analysis of the courts to improve examination standards and introduce harmonious practice amongst technical officers. As covered in our *August-September 2014 Newsletter*, the guidelines are to supplement to the practices adopted by the Patent Office and in case of any conflict with the Patents Act, 1970 and the Rules made therender, the Act and Rules shall prevail.

Update – Ministry of Corporate Affairs

Clarification Relating to Consolidated Financial Statement

The Ministry of Corporate Affairs has issued a clarification *vide* General Circular No. 39/2014 dated October 14, 2014, pursuant to representations received from stakeholders seeking clarification on the manner of presentation of notes in Consolidated Financial Statement (CFS) required to be prepared under Schedule III of the Companies Act, 2013. These representations have been examined in consultation with the Institute of Chartered Accountants of India (ICAI) and consequently, the Ministry of Corporate Affairs has clarified that Schedule III of the Act read with the applicable Accounting Standards does not require the company while preparing its CFS to repeat the disclosures which have been already made under stand-alone accounts being consolidated. In other words, only disclosures relevant to the CFS are required to be made.

Amendments in Schedule VII of the Companies Act, 2013

The Ministry of Corporate Affairs *vide* its notification dated October 24, 2014 amended Schedule VII of the Companies Act, 2013 (Activities which may be included by companies in their corporate social responsibility policies) by making some insertions in item (i) and (iv). In item (i) after the words 'after sanitation', the words "including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation" have been inserted. In item (iv) after the words 'and water', the words "including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga" have been introduced.

Update – Ministry of Corporate Affairs

Clarification under Section 164(2) of the Companies Act, 2013

The Ministry of Corporate Affairs has issued clarification *vide* General Circular No. 41/2014 dated October 15, 2014, pursuant to the representations received from stakeholders in respect of disqualification of directors under clause (a) of Section 164(2) of the Companies Act, 2013. The clarification states that the companies who have filed balance sheets and annual returns on or after 01/04/2014 but prior to coming into force of Company Law Settlement Scheme, 2014 (CLSS) on August 15, 2014, the disqualification mentioned in clause (a) of Section 164(2) shall apply only for prospective defaults.

Vide General Circular No. 34/2014, covered in our *August-September 2014 Newsletter*, the Ministry had announced CLSS and as a part thereof granted immunity to (late) filings from August 15 to October 15. Issue arose as to the fate of remedial filings between the new Act coming into force and launch of CLSS. The Ministry has now clarified that directors of such companies will not be disqualified under the said provision.

Trade Marks Registry's Office Order struck down by Delhi High Court

As reported earlier in our *June-July 2014 Newsletter*, in a representation filed by Intellectual Property Attorneys Association (IPAA), the Controller General of Patents, Designs and Trade Marks (CG) had upheld the validity of the Trade Marks Registry's Office Order No.16 of 2012 which *inter alia* states that requests for substantial amendments in application for registration of a trade mark including alterations to the trade mark, specifications and statement of use shall not be allowed.

A writ petition challenging the said Office Order was filed by IPAA before the Delhi High Court which was taken up by the court noticing that it was in the nature of a Public Interest Litigation (PIL). The court first delved into the question that when the statute confers on the Registrar of Trade Marks the power to permit the correction of 'any error' in or in connection with the application or to permit amendment of the application, whether the CG by a general order in the nature of a guideline can direct as to which of such amendments shall not be allowed.

This was dealt by the court in view of the Supreme Court decision in *Workmen of Meenaxi Mills Ltd. v. Meenaxi Mills Ltd.* and the Delhi High Court decision in *Kikki Farms (P) Ltd. v. Additional District Magistrate*, whereby it was laid down that there may be need for guidelines with a view to control the exercise of discretion conferred by the statute, when the discretionary power is purely administrative in character and no guidelines can be laid down for quasi-judicial function of a particular functionary or authority under a particular statute. To determine whether the power exercised by the Registrar of Trade Marks under Section 22 of the Trade Marks Act is administrative or quasi-judicial powers, the court looked at the scheme of the Act and its provisions which *inter alia* recognise the Registrar as a tribunal and confer powers of the civil court on it. Further, it was noted that decisions were arrived at by the Registrar after objective considerations of the relevant facts and affording an opportunity of being heard to the concerned parties. Hence, it was held that the Registrar is a quasi-judicial body and not empowered to lay down such guidelines.

The court observed that in *Joint Action Committee of Airlines Pilots Associations of India v. The Director General of Civil Aviation*, it was held by the Supreme Court that the authority which has been conferred with the competence under the statute alone can pass the order and that no other person, not even a superior authority, can interfere with the functioning of the statutory authority.

The court in the present case held that CG, although superior in hierarchy, is not entitled to exercise a power that has been statutorily vested in the Registrar. Although the reasons given by the CG for passing such an order were acknowledged, the court held that no matter what the reason be, the CG still cannot pass such an order and the Registrar of TradeMarks has to, on case to case basis, decide whether the amendment is to be allowed and no general order can be passed. Therefore, the said Office Order No.16 of 2012 was struck down.

Power of Attorney not a requirement for considering agent's address as the address of service

The petitioner, Jensen and Nicholson (I) Ltd., approached the Delhi High Court by way of a writ petition against order of the Intellectual Property Board (IPAB) dismissing the petitioner's appeal filed against the order dated April 20, 2009 of the Joint Registrar, Trade Marks Registry of Kolkata, treating the petitioner's trade mark application as abandoned.

The petitioner had filed an application for registration of a mark which was opposed after its re-advertisement on January 16, 2008. The respondent sent the Notice of Opposition to the petitioner's address provided in the application, however, the Notice was returned with the remark 'Left'. The Registrar held that the application stood abandoned under Section 21 (2) of the Trade Marks Act, 1999. The petitioner appealed against the said order before the IPAB, Kolkata and also filed an application seeking condo nation of delay in filing the said appeal. The proceedings before the IPAB were subsequently continued at IPAB, Delhi pursuant to a consent order.

One of the issues before the court was whether the Delhi High Court had jurisdiction to entertain the writ petition. The respondent contended that since the office of the petitioner is in Kolkata and the application was also made to the Trade Marks Registry at Kolkata, the court did not have jurisdiction to entertain the petition. It was further submitted that mere passing of the impugned order at Delhi did not confer jurisdiction on the court. It was held that since the IPAB, Delhi had passed the impugned order pursuant to the parties' agreement to have the hearings in Delhi, cause of action can be said to have arisen within the territories of the Delhi High Court and the court, hence, had jurisdiction to decide the petition.

Another issue before the court was in respect of the non-service of the Notice of Opposition on the address of service provided in the application. The petitioner had provided its agent's address as the address of service in the trade mark application, however, the Power of Attorney in favour of the agent had not been filed. The respondent's stand was that in absence of the Power of Attorney, service at the agent's address could not be effected. The court held that the absence of Power of Attorney could prevent the agent from acting on behalf of the petitioner, but, it does not absolve the respondent from not taking note of the address of service provided in the application.

As to the issue of condo nation of delay, the court relying on the decision of the Supreme Court in N. Balakrishnan case held that the delay of 82 days in filing the appeal was not a dilatory tactic and could not be described as gross delay. Finding that such a lapse should have been condoned, the court set aside the impugned order of the IPAB.

Burger King seeks anti-suit injunction

Burger King Corporation, the US company, had filed a few trade mark infringement suits before the Delhi High Court seeking injunctions to avert infringement of its trade mark “Burger King” registered since 1979. A defendant in one of these suits before the Delhi High Court filed an application with the Registrar of Companies (ROC), Mumbai seeking an order directing a change of the corporate name of the Indian affiliate of Burger King Corporation under Section 16 of the Companies Act, 2013. Pursuant to the said application, a show cause notice was issued by the ROC. The plaintiffs were aggrieved that the pendency of the proceedings before the Delhi High Court was not mentioned in the application filed before the ROC Mumbai.

Citing the aforesaid, Burger King filed a fresh suit seeking *inter alia* an anti-suit injunction restraining the concerned defendants from instituting proceedings against it before subordinate courts or authorities in India. Burger King submitted that it apprehends that defendants may initiate further proceedings before another court without disclosing the pendency of the proceedings before the Delhi High Court and sabotage launch of its restaurants in India in November, 2014.

The court did not pass any injunction order but recorded the agreement between the parties to the effect that till the next date of hearing, the parties to the suit shall maintain *status quo* with respect to any fresh legal proceedings and not to proceed any other matter which is filed after the said suit, except the suit proceedings already pending before the Delhi High Court.

ITM Trust v. Educate India Society

The plaintiff No. 1, ITM Trust, is a public charitable and educational trust registered under the Bombay Public Trusts Act, 1950. The plaintiffs Nos. 2 and 3 are its trustees. The plaintiffs claimed to be rendering services since 1993 under the said trade mark. In July 2004, the plaintiffs got the trade mark “ITM” set in a circle registered in Class 41 for educational services (showing use from 1993). Further in 2000, the plaintiffs got the word mark "ITM" registered in Class 16 (stationery, printed matter, publications, etc.). Additional registrations were also obtained for the said mark under various classes *viz.* 9, 28, 35, 36 and 38. Further in June 2010, the plaintiffs applied for registration of the mark ‘ITM-University’ in Class 41, contending that the mark has been in continuous and uninterrupted use since 2002.

In 2010, the plaintiffs came to know about the use of an identical mark by the defendant (who also runs an educational trust) and filed a suit in January 2012 in order to restrain it from using the mark ‘ITM’. The defendant filed an affidavit in reply claiming honest and concurrent use of the mark ‘ITM’ since 1999. Notice of motion was dismissed on the ground of no similarity between the rival marks by an order of the single judge on 8th May, 2013. However, the learned judge did not deal with the defense of honest and concurrent user that was set up by the defendant. In appeal, the question of deceptive similarity was concluded, both sides agreeing that the marks in question were identical. The matter was remitted for consideration of the plea of honest and concurrent user.

The defendant submitted that it had been using the name ‘Institute of Technology and Management’ since 1996 (to which plaintiffs had no objection before the court) and were the registered proprietors of the trade mark with the alphabets ‘ITM’ in Class 16 in respect of stationery and printed material. They had also applied for the registration of the mark ‘ITM University’ in Class 41 on ‘proposed to be used’ basis. Further, the trade mark was an acronym derived from the first three alphabets of the abbreviated format of its earlier name ‘Institute of Technology and Management’ and plaintiffs could not assert any exclusivity on it. The plaintiffs concerned over defendant’s use of the mark ‘ITM’ either by itself or in conjunction with any other words including ‘University’, alleged that there was no material to show use of the mark by defendant from 1999 as claimed and any use after April 2010 was not honest since the defendant was made aware of the plaintiff’s prior mark existing in the Register of Trade Marks.

The Bombay High Court held that the evidence produced by the defendant establishing the use of the mark was not sufficient to support pleadings and establish a case of honest and concurrent use. Further, the defendant could not seek registration of the mark claiming it to be an acronym or abbreviation. Therefore the plaintiff’s motion succeeded and the defendant was restrained from using the mark "ITM" or any other deceptively similar mark in respect of technical and educational services so as not to infringe plaintiffs' registered trade mark "ITM" or pass off its services as those of the plaintiffs.

High Court of Delhi restrained Havells from disparaging

The plaintiff, GM Modular Pvt. Ltd., a company engaged in manufacturing and trading of a wide range of electrical goods, electrical switches, accessories, appliances, electronic component filed a suit seeking permanent injunction and damages aggrieved by the advertisement of defendant, Havells India Limited who also manufactures and markets electrical devices, appliances, accessories and allied and cognate products.

In the year, 1999, the plaintiff adopted the trade mark GM, the trade mark/label GM and created a novel, unique and original design in relation to its product viz. electrical switches in 2011. The plaintiff claimed that the impugned advertisement *HAVELLS SHOCK LAGA* intentionally and purposefully disparages the plaintiff's GM electric switches and the distinctive design of its switches and is a covert attempt by the defendant to increase its market share by disparaging the tremendous goodwill and reputation of the plaintiff's said switches.

While discussing the decision passed in *Hindustan Unilever Limited v. Reckitt Benckiser India Limited* wherein a line of distinction has been drawn between passing off action and disparagement, it was held that in a passing off action, the comparison is of rival products having a similar trade mark, get-up or trade dress. Familiarity with the established mark, trade dress or get-up is presumed. Whereas in case of disparagement the one who disparages another's product, does not seek to make his product similar to the disparaged product, but to distinguish it from the disparaged product. The object of disparagement is to make the disparaged product appear to be as near or similar to the competitor's product. It was further stated that puffing up of one's product is permissible in law but slighting or rubbishing or otherwise denigrating or disparaging another's product is not. The law does not permit a manufacturer or a trader to advertise in such a manner that it slanders the products of its competitors, virtually rubbishing the same, while promoting his own product.

The court holding that the facts of the present case are similar to the case of Hindustan Unilever Limited granted an ad interim injunction in favour of the plaintiff and, thus restrained the defendant from telecasting, displaying, showing, broadcasting the impugned advertisement, in any media.

TANGO outside the purview of Section 17 (2)(b) of rade Marks Act, 1999

The plaintiff, Brihan Karan Sugar Syndicate Pvt. Ltd., filed a suit for trade mark infringement and passing off against Lokranjan Breweries Pvt. Ltd. Both parties manufacture and sell country liquor. The Notice of Motion filed by plaintiff sought injunctive relief as defendant was found to be vending its own distillations in plaintiff's embossed bottles and using the mark TANGO CHARLIE. The plaintiff claimed that, its predecessor, Brihan- Maharashtra Sugar Syndicate Ltd. ("BMSSL"), adopted a composite trade mark label "TANGO PUNCH", in devnagari script, in respect of its orange or lime flavored country liquor and obtained registration for TANGO PUNCH in the year October 2001. The mark TANGO and the three-finger device is embossed on the plaintiff's glass bottles. Plaintiff contended that it has proprietary rights in TANGO as this is a leading, essential and memorable feature of its mark and the continuous use of this mark had led to TANGO being associated exclusively with the plaintiff's products. The principal defenses taken by the defendant are that this usage is an honest industrial practice within the meaning of Section 30(1)(a) of the Trade Marks Act, 1999 and that the plaintiff is the registered proprietor of TANGO PUNCH and not of TANGO and has no monopoly in the word TANGO. Further, defendant claimed that its mark TANGO CHARLIE is distinguishable, and therefore, no infringement is made out.

The court relied upon *Ultra Tech Cement Limited v. Alaknanda Cement Pvt. Ltd. & Anr.* and discussed Section 17(2)(b) of the Trade Marks Act at length. The court concluded that since TANGO is not common to the trade and not non-distinctive, It is clearly outside the purview of Section 17(2)(b) and is, therefore, entitled to protection and enforcement. The court also rejected the argument of there being any bona fide or honest industrial practice of manufacturers using each other's bottles.

The court granted interim injunction restraining the defendant from infringing the plaintiff's registered trade mark by using bottles embossed with the trade mark "TANGO" with or without a device of a raised palm with three upright fingers or by the use of the trade mark "TANGO" or any other trade mark deceptively similar to the plaintiff's registered trade mark upon or in relation to country liquor or similar goods.

Kaff injuncted from publishing caution notice against Snapdeal

Kaff Appliances (India) Pvt. Ltd. (Kaff) had published a caution notice against Snapdeal.com earlier this year warning customers that the online retailer is selling counterfeit products of Kaff, undercutting prices in an unauthorised manner and attempting to trade upon its goodwill and trade mark. Jasper Infotech Private Limited which owns and operates Snapdeal.com moved the High Court of Delhi against the caution notice, reportedly with the grievance that the allegations in the caution notice have been causing harm to its reputation and credibility. Further, plaintiff averred that its customers have complained that Kaff refused to provide warranty on products purchased from the website. It was submitted to the court that Snapdeal.com is only an online marketplace providing a medium to various sellers and does not sell directly to customers and warranties on products sold are provided either by the manufacturers or sellers. Taking into consideration the submissions of the plaintiff that Kaff was making statements with dishonest intentions and to denigrate and malign the goodwill and reputation of Snapdeal, the court has restrained Kaff from publishing any other caution notice and asked it to file its response.

"Make in India" trade mark filed with the Trade Marks Registry

With the aim to make India a global manufacturing hub and promote investment in the country by Indian and foreign entities, the Prime Minister, Mr. Narendra Modi launched the "Make in India" campaign on September 25, 2014. Also launched was the "Make in India" logo comprising a striding lion made of cogs.

After the launch, the Department of Industrial Policy and Promotion (DIPP) filed a multi-class trade mark application on October 20, 2014 for registration of the "Make in India" logo. The application seeks registration of the mark in respect of Classes 9, 16, 18, 25, 28, 35, 38, 41 and 42. Use of the mark has been claimed in respect of Classes 16, 35, 38, 41 and 42 since the launch date and the mark has been filed on proposed to use basis for the remaining Classes. Reportedly, a copyright application has also been filed in respect of the logo.

Information on the "Make in India" program may be obtained from the official website http://www.makeinindia.gov.in/, which details the sectors, live projects and policies covered by the initiative. The website also prohibits use of the logo without permission of the DIPP.

Delhi High Court rules on jurisdiction in E-commerce disputes

In the present case, the plaintiff (World Wrestling Entertainment), a company incorporated in USA and *inter alia*, engaged in development, production and marketing of television programming along with the business of licensing and sale of its branded consumer products featuring its World Wrestling Entertainment (WWE) brand initiated an action against the defendant (Reshma Collections) based in Mumbai, which was allegedly infringing plaintiff's rights by selling counterfeit merchandise.

The suit seeking permanent injunction based on the alleged infringement of copyright, trade marks, passing off, dilution, rendition of accounts, etc. was returned by the Single Judge of the Delhi High Court on the ground that the court had no jurisdiction to entertain the said suit on account of the provisions of Section 134(2) of the Trade Marks Act and Section 62(2) of the Copyright Act.

On appeal, the plaintiff emphasized that its programmes are broadcast at Delhi; its merchandise is available in Delhi and its services and goods are sold to consumers in Delhi through its websites. The division bench of the court observed that both the sections state that a suit for infringement shall be instituted in a district court having jurisdiction and "district court having jurisdiction" would "include a district court within the local limits of whose jurisdiction…the person instituting the suit or proceeding…carries on business or personally works for gain." To determine what constitutes "carrying on business', the court referred to the three-pronged test laid down by the Supreme Court in *Dhodha House v. S.K. Maingi*. The third condition stated that to constitute "carrying on business" at a certain place, the essential part of the business must be performed at that place.

The court elaborately discussed the Apex Court decision of *Bhagwan Goverdhandas Kedia v. Girdharilal Parshottamdas & Co.*, where it was observed that in the case of contract, acceptance and intimation of acceptance of an offer are both necessary. The court in the present case noted that the transaction was over the internet and the acceptance was instantaneously communicated. The plaintiff by displaying its merchandise on the internet, makes an invitation to offer and when a customer places an order he is making an offer. When, through the mode of the software and the browser, the transaction is confirmed and payment is made to the plaintiff through its website, the appellant/plaintiff accepts the offer of the customer at Delhi. Since, the offers are made by customers at Delhi, the offers are subject to confirmation/acceptance of the appellant/plaintiff through its website, and the money would emanate or be paid from Delhi, the court held that the third condition of the *Dhodha* case was fulfilled.

Hence, the court allowing the appeal set aside the order of the Single Judge and restored the suit to its original number on a demurrer, holding that the Delhi High Court would, have jurisdiction to entertain the suit in as much as plaintiff would, be regarded as carrying on business in Delhi within the meaning of the expression under Section 134(2) of the TradeMarks Act, 1999 and Section 62(2) of the Copyright Act, 1957.

Bombay High Court rules on Sections 30 and 33 of Copyright Act, 1957

The plaintiffs (Leopold Cafe & Stores and Anr.) brought a suit before the Bombay High Court seeking to restrain the defendant (Novex Communications Pvt. Ltd.) from issuing and granting licenses and collecting license fee in respect of copyrighted works (sound recordings) of third parties, on the grounds that defendant was neither a registered copyright society nor an agent authorised to do so. The defendant, on the other hand, claimed that it was the authorised agent of the copyright owners (e.g. Yash Raj Films, Shemaroo, etc.) and was therefore permitted to collect license fees and grant licenses on behalf of the copyright owners under Section 30 of the Copyright Act, 1957.

Section 33 of the Copyright Act, 1957 prohibits anybody other than the owner of the copyright and a registered copyright society to carry on the business of issuing or granting licenses in its own name. The court agreed to the plaintiffs' submission that when acting as an agent the defendant would necessarily have to indicate so in its licenses. It was observed by the court that the licenses and the invoices submitted by the defendant do not actually indicate that the defendant is functioning as an agent and names of various entities (principals/copyright holders) were separately mentioned in the licenses, not establishing an agency relationship. Both Sections 30 and 33 require that the factum of agency must be disclosed so that the licensee knows that it has a valid license from the copyright owner i.e. it is made known by the agent that it is acting on behalf of the holder of copyright in the works in question.

The court made partly absolute the ad-interim injunction granted previously and the defendant was restrained from carrying on the business of issuing and granting licenses and collecting license fees in respect of any copyrighted works in its own name as it was in contravention to Section 33. However, it was clarified that the injunction granted will not prevent the defendant from acting as an authorized agent of any copyright holder under Section 30.

Delhi High Court rules on copyright ability of databases (Tech Plus Media Private Ltd. v. Jyoti Janda)

The Delhi High Court dismissed a suit for copyright infringement by Tech Plus Media Pvt. Ltd. (plaintiff) holding that plaintiff could not successfully establish copyright in respect of the database it maintained.

It was contended by the plaintiff that it had evolved a distinctive, detailed and comprehensive data information and database pertaining to running the business of information technology publication and website in India and had created unique databases of the customers and their contact details with detailed database of entities which could be considered for the subscription of the magazine. The plaintiff claimed that the aforesaid data and information was the expression of plaintiff's original and inventive thoughts and that it had expended immense original skill, process and imagination in the same which allegedly had been infringed by the defendant.

The plaintiff also contended that defendant nos. 1 & 2 were employed in its company who after resigning opened up a competitive website offering similar services. Further, it alleged that subsequent investigations revealed that the defendant nos. 1 & 2 had copied the confidential information and databases constituting the trade secrets of the plaintiff (in contravention to the company policy) and thus infringed copyright of the plaintiff.

The court noted that even after repeatedly asking, the plaintiff could not specify conclusively what data had been taken away and the use of the word 'database' without specifying as to what is in the database is not sufficient. While rendering its decision, the court relied on the decision of the Supreme Court in *Eastern Book Company v. D. B. Modak*, where it was held that to claim copyright in a compilation, the author must produce the material with exercise of his skill and judgment which may not be creativity and such skill and judgment must not be trivial. Further, the court cited decision of the Delhi High Court in *Dr. Reckeweg and Co. GMBH v. Adven Biotech Private Ltd.*, where, the court had ruled that no copyright can subsist in relation to the nomenclature of drugs, the listing of the medicines in a particular fashion, the description and the curative effect compilation in a brochure finding that the plaintiffs have failed to demonstrate how they had employed any skill, judgment and labour in describing the curative elements, let alone any creativity.

The court in the instant case held that the plaintiff had failed to show any contribution towards the work and the said database was nothing but a collection of the e-mail addresses of the visitors to the website/news portal of the plaintiff. Further, the court observed that on a reading of the plaint seeking injunction and ancillary reliefs on the basis of a copyright if it finds no sufficient pleading of the existence of a copyright in favour of the plaintiff, the matter need not go through the rigmarole of trial. Also, the plaintiff being a juristic person is incapable of being author of a work and copyright can subsist in it only if the author of the work by an agreement vests the copyright on the plaintiff, but the plaintiff in this case had failed to show so.

Delay in approaching the court leads to refusal of interim injunction in a case of copyright violation

The Bombay High Court *vide* order dated October 10, 2014 rejected the appeal filed by Shemaroo Entertainment Ltd. (appellant) against single Judge's order refusing to grant ad-interim injunction against use or incorporation of any part of the song "*Pyaar Mein Dil Pe Maar De Goli Le Le Meri Jaan*" in the cinematograph film "*Tamanchey*".

The song "*Pyaar Mein Dil Pe Maar De Goli Le Le Meri Jaan*" featured in the film "*Mahaan*" produced by M/s. Satya Chitra International (SCI) in 1983. In 1981, SCI had executed an agreement in favour of respondent no. 4, Universal Music India Private Limited, assigning and transferring rights in respect of "*Mahaan*", as per the terms of the agreement. Respondent no. 4, in April, 2014, permitted respondent nos. 1, 2 and 3 to incorporate the song in "*Tamanchey*".

In February 2007, SCI also transferred and sold all negative rights in the film including copyrights and other rights to one V. Ramakrishna. Thereafter, on March 01, 2007 Ramakrishna executed an agreement assigning the said rights to the appellant. The appellant claims to be the owner of all copyright and other rights in the film "*Mahaan*" under the agreement of March 01, 2007 and therefore, alleges that use of the song in "*Tamanchey*" was infringement of copyright.

The main issue before the court was interpretation of the 1981 agreement. The court observed that since the agreement of 1981 was prior, terms thereof would be binding on the appellant. The question was if the said agreement assigned to respondent no. 4, the right to incorporate the song in another movie. If such right was not assigned to respondent no. 4, it could not have further assigned the same to respondent nos. 1, 2 and 3.

The court examined clauses of the aforesaid agreement and observed that it was difficult at that stage to hold that the 1981 agreement assigned in favour of respondent no. 4 *the complete panoply of rights in the sound recording* and that the same would include the right to permit performances of the recording. Upon hearing the parties and analysis of the agreement, the court found that the appellant had made out a case for ad-interim relief. However, the court also found merit in the argument advanced by the respondents that the attempt to stall a movie at the last minute ought not to be permitted.

According to the appellant, it had discovered that the song was being used in "*Tamanchey* in the first week of August and had sent a notice to respondent nos. 1, 2 and 3 on August 11, 2014. Thereafter the suit was filed along with the application for interim relief in September. It was alleged by the respondents that the appellant must have come to know of the objected use of the song in April, 2014 when there was a prominent article in the April publication of newspaper 'Mid-day', in addition to the article in Bolly Spice, a Bollywood publication, which specifically referred to "*Mahaan*" and even to the details of the song used in "*Tamanchey*".

Noting that the film was scheduled to be released on the day the appeal was being heard, the court stated that a delay of 5 months is crucial in such a matter at the ad-interim stage. In light of the above, the court was not inclined to grant ad-interim injunction against the release of the film.

Notwithstanding, the court directed respondents nos. 1, 2 and 3 to deposit with the court the consideration payable to respondent no. 4, statements of accounts to be furnished to respondent no. 4 to be submitted to appellant as well and restrained respondent no. 4 from recording, using or incorporating the said song as per terms of the 1981 agreement without the leave of the court except as presently used in the proposed film "*Tamanchey*" and for the matters connected therewith such as the promotional material.

Mediation fails, Roche and Cipla patent dispute sent back to court for adjudication

The hearings in the appeal filed by F. Hoffmann-La Roche Ltd. before the Delhi High Court in the patent infringement matter of Roche's patented drug Erlotinib are expected to resume as the mediation between Roche and Cipla Ltd., which commenced in April, 2014 (covered in our *June-July 2014 Newsletter*) has reportedly failed.

Roche had approached the court seeking injunction against Cipla in January 2008 to restrain launch of a generic version of its lung cancer drug Erlotinib marketed under the brand Tarceva. Cipla had countered by arguing that Roche's patent was invalid. The Single Judge had held in 2012 that Cipla's drug, Erlocip, did not violate Roche's patent in Erlotinib and that Roche's patent was not invalid. Roche had filed an appeal against the said order, which is now pending before the court.

Cipla files representation seeking revocation of Novartis' patents

Cipla Ltd. has sought revocation of five patents of Novartis related to the respiratory drug Indacaterol, citing public health access as one of the reasons. Cipla has reportedly contended that Novartis is not manufacturing the drug in India and imports only a marginal quantity which is not sufficient to meet the demands of over 1.5 crore patients in need in India. Cipla has also launched the generic version of the drug, claiming that Novartis' product is over 400 percent more expensive than the drug marketed by Cipla.

Non-adherence to Rule 24B of the Patents Rules, 2003

The Petitioner, Nitto Denko Corporation filed a writ petition with the High Court of Delhi for the delay being caused by the respondents in the examination of their patent applications and non-adherence to the time schedule provided under Rule 24B of the Patents Rules, 2003. The court after hearing the submissions of counsel for Petitioner, directed the Controller of Patents to file an affidavit disclosing, *inter alia*, the steps being taken for compliance of the mandate prescribed under Rule 24B (2) and (3). Thereafter, the government appointed a committee on December 26, 2013 to come out with a programme for time-bound disposal of the pending patent applications; and suggest ways and means to ensure that fresh applications can be decided within the statutory time limit fixed in this regard.

The court perused the report submitted by the said committee and observed that while the government has taken some measures to reduce the pendency of the patent applications by increasing the manpower, these measures would not be sufficient to reduce the pendency to a level where the Controller of Patents can issue the examination reports within the prescribed period. As a remedy, the court asked for suggestions on ways to clear the back log of pending applications in a time bound manner and issued directions to the respondents vis-à-vis creating posts, considering additional outlay, alternative methods of recruitment of examiners, implementation of Flexible Complementing Scheme in order to resolve the issue of attrition and also directed the government to constitute a committee, *inter alia*, to consider compensating the patentees for the time consumed in the examination process. The said committee is required to submit its report on or before February 28, 2015. The writ petition was disposed of accordingly.

High Court of Delhi revisits Presumption of Validity and the Six Year Rule

The present lawsuit was filed by 3M Innovative Company against Venus Safety & Health Pvt. Ltd. with the High Court of Delhi seeking permanent injunction restraining the defendants from infringing their registered patent granted in respect of "Flat Folded Personal Respiratory Device and process for preparing the same". The court granted *ex-parte* injunction against the defendants (covered in our *Dec 2013 - Jan 2014 Newsletter*) who are the manufacturers and distributors of respiratory protection devices including particulate filtering masks, half masks, full face masks etc. The defendants, upon service, appeared and filed reply to the interim application of plaintiff and also an application seeking vacation of the interim order as well as the written statement and counter claim challenging the validity of the patent. The defendants contended that under Section 13(4) of the Patents Act, 1970 (the Act) there is no presumption of validity in respect of a patent granted under the Act. The defendants further took the plea that there are many dissimilarities in their product in question vis-a-vis the Patent Claims and also plaintiffs' product.

The defendants further contended that the six year rule with respect to the presumption of validity has been diluted by the court.

The 'six year' rule in Indian patent jurisprudence refers to a rule created in 1965 by the Madras High Court (*Manicka Thevar v. Star Ploughs*) which laid down a 'time test' for granting interim injunctions. The rule laid down that injunctions would not be granted in cases where the patent was recent i.e. the patent was not more than six years old. However, after six years of its existence and use, the balance of convenience would suddenly tilt in favour of the patentee, as his patent had 'withstood the test of time'. So, challenging a patent after six years would be tougher than a challenge before six years.

The court touched upon two main issues: Six year rule towards validity of patents and the principle governing the grant of injunction in patent matters. The court while relying upon *M/s. Biswanath Prasad Radheyshyam v Hindustan Metal Industries* observed that the six year rule cannot be applied in general in patent matters. If the patent is found to be *prima facie* valid and the court finds that it has been infringed by the defendant, the case of passing the interim order is made out, even if the patent is used for a smaller period of time. But at the same time, if the patent is challenged in the written statement and by filing of counterclaim, the said period of six years does not give any benefit to the owner of patent in case the court finds that the patent is *prima facie* invalid. Under those circumstances, the interim order may not be passed even if the patent is six years old.

On the principles governing the grant of injunction in patent matters, the court noted that it is settled law that at an interim stage defendant need not prove actual invalidity to show that the claims at issue are vulnerable and that a substantial question of invalidity can be sufficient to defeat the grant of an interim injunction. A mere showing of a substantial question of invalidity is sufficient at this stage. While mentioning *F. Hoffmann-La Roche Ltd. and Anr. Vs Cipla Limited* the court held that it is well established law that at the stage of considering an application for interlocutory injunction, defendant has to show that its challenge is genuine one and not vexatious or set up to merely play for time. The court remarked that the defendant must put forth a substantial question of invalidity to show that the claims at issue are vulnerable. Further, the court must consider whether the defendants have been able to raise a "credible" challenge to the patent.

After considering the evidence placed before it and hearing the parties, the court held that the plaintiffs have failed to make out a *prima facie* case entitling them to grant of injunction during the pendency of suit and, accordingly, vacated the *ex-parte* interim injunction order granted against the defendants.

Interim arrangement in Ericsson v. Micromax

In March 2013, Ericsson sued Micromax claiming INR 100 crores for infringement of its patents when three years of negotiation failed to yield a license agreement on Standard Essential Patents (SEP). The aforesaid patent infringement suit was pending before the Delhi High Court until November, 2014 when it delivered the interim order directing the defendants to pay royalty to the plaintiff for the sales of phones/devices capable of GSM, GPRS+GSM, EDGE+GPRS+GSM and WCDMA/HSPA devices and calling tablets made in India for the period from the date of filing of the suit till 12.11.2015, from 13.11.2015 to 12.11.2016 and 13.11.2016 to 12.11.2020.

Both the parties have however agreed that the payment by the defendant for the period prior to the filing of the suit shall be as per the judgement of the court post trial of the suit. The court also held that Micromax will continue to intimate Ericsson of the arrival of the new consignments at customs and seek its NOC. Post inspection, Ericsson will inform the customs that it has no objection to the release of the consignment so that the consignment could immediately be handed over to Micromax. The court has clarified that the order is an interim arrangement and there is no determination of the FRAND rates for the plaintiff portfolio. Further, the court observed that the rates mentioned by the court could not be relied by the defendant before the competition authorities as it is not final in nature. The court has directed that the trial will be completed not later than 31st December, 2015.

India will engage with the US on Intellectual Property Rights (IPR) issues under the US-India Intellectual Property working group

The US has agreed to resolve the differences over the Intellectual Property Rights regime with India through bilateral talks. The said statement was issued after the Prime Minister Narendra Modi and US President Barak Obama met in Washington in early October, 2014. US will seek to pursue the issue bilaterally through the high-level Intellectual Property Working Group under the India-US Trade Policy Forum, in addition to the Out-of-Cycle Review (OCR) under Special 301 Report.

Special 301 Report is a trade and practices report maintained by the USTR (US Trade Representative) in which the US designates certain countries under two categories, Priority Foreign Country and Priority Watch List. India has been on the Priority Watch List since 1989, when the report was first released. The report maintained a *status quo* regarding India this year by keeping it on the 'Priority Watch List' and subjected it to unilateral action through the OCR as proposed by the US which India refused. India has further maintained that it will not co-operate with the US to conduct OCRs, though will be engaged bilaterally through the Intellectual Property Working Group.

Super Cassettes Industries Limited (T-Series) fined for abuse of dominance by Competition Commission of India (CCI)

HT Media Limited (HT Media), which operates the FM radio channel 'Fever 104', had approached the CCI in 2011 as informant against Super Cassettes Industries Limited, which operates under the brand name T-Series. It was alleged that T-Series, which owns and controls 70% of the latest Bollywood music is abusing its dominant position in contravention of Section 4 of the Competition Act, 2002 by *inter alia* imposing on its customers, i.e. radio channels:

- Excessive license fee (INR 661 per needle hour) towards grant of rights for broadcast of T-Series' music content;
- Unfair minimum commitment charges (MCC) per month irrespective of the actual time the radio channel plays the sound recordings of T-Series;
- Performance license fee for underlying works (in addition to license fees for sound recordings).

It was also alleged by HT Media that the imposition of MCC, besides being unfair to radio channels, is anti-competitive under Section 3 as it restricts around 30-40% of the radio stations' broadcasts to the music content of T-Series. Such condition deprived the informant to broadcast music content of other music companies and also distorted competition in favour of T-Series as the condition imposed constrained FM radio stations to predominantly broadcast content of T-Series.

In October 2011, the CCI caused an investigation to be made by the Director General (DG) into the information against T-Series. The DG found that T-Series was charging excessive fee and unfair prices. Further, it was found that the imposition of MCC and mandatory payment of performance license fee by T-Series bore no relation to the actual amount of T-Series music played by the radio stations and was an unfair practice. It was concluded that T-Series violated the provisions of Sections 4(2)(a)(i) and 4(2)(a)(ii) of the Act. CCI forwarded the investigation report filed by the DG to the parties for their response. T-Series denied the findings of the DG whereas HT Media filed submissions in support of the report.

The CCI considered the report as well as the submissions of the parties and identified the 'relevant market' as the '*market for licensing of Bollywood music to private FM radio stations for broadcast in India*'. The CCI determined that T-Series enjoys a dominant position in the market upon considering factors such as the market share of T-Series, its economic power, strength of its competitors, dependence of radio stations on T-Series and entry barriers.

For deciding whether there was abuse of dominance by T-Series, the CCI dealt with allegations of unfair and excessive pricing, imposition of MCC and performance license fee. In respect of the allegation of license fee of INR 661 per needle hour being excessive, the CCI noted that determining whether a price is excessive in the relevant market is an uncertain and difficult task. It was observed that for T-Series, which acquires sound recordings, the cost of recordings depends on the 'royalty' paid to the owners for the recordings which are commercially exploited in various ways. Therefore, it is difficult to apportion the cost of acquisition of the recordings to different revenue streams. Further, the value of a sound recording would depend on its popularity rather than on its cost. In view of the above and in the absence of cost related data, it was held that it is not possible to determine that the price charged by T-Series is excessive solely on the basis that it is higher than the price charged by its competitors.

On the issue of imposition of MCC, T-Series was imposing INR 216,667 per month as MCC for both sound recordings and performance rights for each radio station. The CCI noted that DG's investigation showed that T-Series is the only music company which was charging MCC. The CCI found that imposing MCC was exploitative - as it forces radio stations to pay for music it might not play, and exclusionary - as it forecloses other competitors from a substantial share of the market. It was observed that since a radio station is paying a certain minimum amount, it is likely to play the T-Series music content it has already paid for. Based on the above it was concluded that it is unacceptable for a dominant enterprise to impose such unfair and discriminatory conditions in licensing of their content and the imposition of MCC on private FM radio stations is an abuse by T-Series under Section 4(2)(a)(i) of the Act.

The third allegation was that T-Series was charging license fees for both sound recordings and performance license fees for underlying works, unlike other music companies. The dispute between music companies and radio stations in respect of playability of performance license fees has been heard in other cases by several High Courts which have given differing judgments. The said dispute is now before the Apex Court and music companies other than T-Series have stopped charging the performance license fees from radio stations but are taking an undertaking promising to make due payments if the Supreme Court decides in favour of the music companies. Though the DG found that imposition of performance license fees is in violation of Section 4(2)(a)(i), the CCI refrained from dealing with the issue on merits on account of its pendency before the Supreme Court.

The CCI has therefore found T-Series guilty of abuse of dominance by imposing the unfair condition of paying MCC. T-Series has been directed to stop imposing the said condition and modify the same in existing agreements within three months of the order. The CCI has also imposed a penalty as per Section 27 (b) of the Act at the rate of 8% of T-Series' average turnover of the last three years, which amounts to INR 2,83,28,000, payable within 60 days of receipt of the order.

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