# Newsletter

# *December 2014 - January 2015 Edition*

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# *News from the Controller General of Patent, Designs and Trade Marks (CGPTDM)*

### *Second Issue of “IP Expression”*

The second issue of "IP Expressions”, the bi-annual technical publication, was released in January 2015. The first issue was reported in our *August-September 2014 Newsletter*. The current issue highlights a number of interesting topics such as India’s Accession to The Madrid Protocol; Principles Emanated from Recent Case Law; Intellectual Property and Indian Ecosystem; Patent and Traditional knowledge for Development of Pharmaceutical Industry; and Intellectual Property Policy and Strategy for collaboration between Institutes and Industry.

### *Design application search utility*

The much awaited Designs application search utility has been launched. Though the same is being tested (as per the disclaimer put on the search page), it will be very helpful to applicants as well as practitioners.

### *National Intellectual Property Awards 2015*

Intellectual Property Office (IPO) has invited applications for National IP Awards 2015. These awards are being organized in association with the Confederation of Indian Industry (CII). The idea behind conducting these awards is to appreciate and recognize innovators/creators of Intellectual Property (patents, designs and trade marks) who have contributed towards country’s intellectual capital and created an eco-system that boosts creativity and innovation.

### *Explore IPINDIA*

Explore IPINDIA has been introduced on January 1, 2015 to provide information regarding Patents, Designs, Trade Marks, Geographical Indications, ISA/IPEA and Rajiv Gandhi National Institute of Intellectual Property Management on a single page.

### *E-learning resources*

In order to encourage awareness and knowledge vis-à-vis functioning and organizational structure of the Intellectual Property Office (IPO), e-learning module has been announced by the IPO. This module provides information regarding IPO, Design registration, Geographical Indications registration, Patent Office procedures, Madrid Protocol, Patent Dynamic utilities, Trade Marks registration in India and Dynamic utilities in respect of Trade Marks.

### *Patent Examination Reports go electronic*

In order to reduce inconvenience to the applicants/agents, the Intellectual Property Office has started the service of real-time intimation of issuance of the Examination Reports via email. This obviates the delay between issuance of the Report and despatch through registered post to the applicant.

### *Statistics of Geographical Indications (GI) related applications issued*

The Intellectual Property Office has issued statistics of GI applications till December 15, 2014. 490 applications have been received for registration of GIs and 215 have been registered. Further, 9 GIs have been registered in the name of foreign entities.

### *Special drive for disposal of opposition/rectification matters*

As per the public notice issued on January 7, 2015, special drive has been initiated for the disposal of many opposition/rectification matters wherein the opponents/applicants had requested withdrawal of their oppositions/applications either *suo moto* or on the basis of settlement between the parties during the pendency of the opposition/rectification proceedings.

The Registry had invited opponents/applicants to communicate information about their requests along with details about the case numbers, date of request to the concerned branch offices by January 30, 2015. Thereafter, section in charge shall segregate the opposition/rectification matters and put up relevant files/records of such cases to the designated officers on the dates scheduled for their disposal.

The cases will be taken up by designated officers on the earmarked dates as per chronology of application numbers. No separate hearing notice shall be issued in such cases.

# *Amendment of the Designs Rules, 2001*

The Designs (Amendment) Rules, 2014 have been published by the Department of Industrial Policy and Promotion (DIPP) *vide* notification dated December 30, 2014 and are effective from the said date. Highlights of the Rules which amend the Design Rules, 2001 are:

- The fee structure has been revised and different fees has been provided for each category of applicants. With the recent amendment, the applicant has to opt for either of the two categories namely: “natural person” and “other than natural person(s)”. Second category of applicants has been further divided into two sub-categories namely: “small entity” and “others except small entity”.

- In case an application processed by a natural person is fully or partly transferred to a person other than a natural person, the difference, if any, in the scale of fees between the fees chargeable from a natural person and the fees chargeable from the person other than natural person in the same matter shall be paid by the new applicant with the request for transfer.

- Similarly, in case an application processed by a small entity is fully or partly transferred to a person other than a natural person (except a small entity), the difference, if any, in the scale of fees between the fees charged from the small entity and the fees chargeable from the person other than natural person (except a small entity) in the same matter shall be paid by the new applicant with the request made for such transfer.

- Form- 24 has been inserted in the amended Rules. This Form has to be submitted with every new application if an entity claims to be a small entity.

- The First Schedule [Fees]; Second Schedule [List of Forms] and the Fourth Schedule [Scale of costs allowable in proceedings before the Controller] have been amended to reflect the above charges.

# *'First Draft of the National Intellectual Property Rights (IPR) Policy' released by the IPR Think Tank*

The IPR Think Tank, set up by the Government of India, has released the First Draft of the National IPR Policy which has been published by the Department of Industrial Policy and Promotion (DIPP) on its official website. In the press release pertaining to the Policy, all stakeholders have been requested to send their comments and suggestions. The Policy envisages IP as an integral part of India's overall development policy. The policy aims to integrate and create synergies with IP related aspects of various sector specific policies. It targets a roadmap for holistic, effective and balanced development of the IP system in India. The objectives of the policy are summarised as follows:-

- To create public awareness about the economic, social and cultural benefits of IP among all sections of the society for accelerating development, promoting entrepreneurship, enhancing employment and increasing competitiveness. Various steps are aimed to be taken in pursuit of the fulfilment of this objective such as:

  - Adopt the national slogan "*Creative India, Innovative India*" and launch an associated campaign on electronic, print and social media by linking IPRs with other national initiatives such as '*Make in India*', '*Digital India*' and '*Skill India*'.
  - Create a systematic campaign for promotion of India's IP strengths by reaching out to small businesses, farmers, designers, artisans as well as MSMEs, R & D institutions, science and technology institutes.
  - Create awareness programmes specifically targeting industry and R & D entities, both private and public.
  - Create events and programmes to emphasize the importance of IP.
  - Create suitable course material for educational institutions at all levels.

- To stimulate the creation and growth of IP through measures that encourage IP generation. This objective includes planning a comprehensive strategy to augment the creation of IP assets which would help in identifying the potential and untapped areas of innovation. One of the possible results of enhanced IP creation would be to raise India's position among its global counterparts.

- To have strong and effective laws with regard to IP rights that are consistent with national priorities and international obligations and which balance the interests of rights owners with public interest. It includes reviewing and updating existing IP laws or removing anomalies from the same and engaging actively in the negotiation of international treaties and agreements in consultation with stakeholders.

- To modernize and strengthen IP administration for efficient, expeditious and cost effective grant and management of IP rights and user oriented services. This will include restructuring and upgrading adequate autonomy to IPOs taking into account the rapid growth and diversity of IP users and services.

- To augment commercialization of IP rights; valuation, licensing and technology transfer by establishing an IP Promotion and Development Council (IPPDC) as a model organization for the promotion and creation of IP assets.

- To strengthen the enforcement and adjudicatory mechanisms for combating IP violations, piracy and counterfeiting; to facilitate effective and speedy adjudication of IP disputes; to promote awareness and respect for IP rights among all sections of society.

- To strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IP.

Annual evaluation of the overall working of the National IP Policy and the results achieved will be analysed. A major review of the policy will be undertaken after 3 years.

# Update – Ministry of Corporate Affairs

### *The Companies (Accounts) Amendment Rules, 2015*

The Central Government *vide* notification dated January 16, 2015 amended the Companies (Account) Rules, 2014. Rule 2A has been inserted after Rule 2, whereby the notice of address at which books of account are to be maintained, shall be in Form AOC-5 for the purposes of the first proviso to Section 128(1). Further, a proviso has been added to Rule 6, whereby nothing shall apply in respect of consolidation of financial statement by a company having subsidiary or subsidiaries incorporated outside India only for the financial year commencing on or after April 1, 2014.

### *The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2015*

The Central Government, pursuant to the powers conferred under Section 135 and Sub-section (1) and (2) of Section 469 of the Companies Act, 2013 amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 which would hereinafter be called as the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2015 *vide* notification dated January 19, 2015. The following changes that have been made in Rule 4 Sub-Rule (2):

- The words "established by the company or its holding or subsidiary or associate company under Section 8 of the Act or otherwise" have been substituted with "established under Section 8 of the Act by the company, either singly or along with its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, or otherwise".

- In the proviso, in clause (i), the words "not established by the company or its holdings or subsidiary or associate company, it", have been substituted with "not established by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company".

### *The Companies (Cost Records and Audit) Amendment Rules, 2014*

The Central Government *vide* notification dated December 31, 2014 amended the Companies (Cost Records and Audit) Rules, 2014. Several changes have been made which would impact the maintenance of cost records and audit depending on the turnover of the company.

***The Competition Appellate Tribunal (Term of the Selection Committee and the Manner of Selection of Panel of Names) Amendment Rules, 2014***

The Ministry of Corporate Affairs *vide* its notification dated October 15, 2014 amended the Competition Appellate Tribunal (Term of the Selection Committee and the Manner of Selection of Panel of Names) Rules, 2008.

The Competition Appellate Tribunal (Term of the Selection Committee and the Manner of Selection of Panel of Names) Amendment Rules, 2014 describe that the Committee shall recommend a panel of maximum three names giving the order of merit, in respect of each vacancy that has been referred to the Committee provided that the panel of names shall be given in order of merit whenever it is not a single name panel. The amendment seeks to bring more transparency to the overall selection process.

# Update - FDI Guidelines

*Foreign Pharma Firms make a push to relax FDI norms*

While the Union Cabinet gave its approval to carve out medical devices into a separate sub-category and amended the existing Foreign Direct Investment (FDI) policy to allow 100% FDI in both greenfield and brownfield projects, the proposal to allow 100% FDI in existing companies is still under consideration.

The Organization of the Pharma Producers of India (OPPI), a grouping of foreign drug makers that includes the India units of US drug companies such as Pfizer, Merck Sharpe Dohme and Abbot, has also urged the Government to allow the inclusion of non-compete clauses in mergers and acquisitions. The Government had banned such clauses in pharma acquisitions last year.

# *PCT application requires prior foreign filing license: Delhi High Court*

The grievance of the petitioners, Puneet Kaushik and others was that they had submitted an international (PCT) application as per the Patents Rules along with other documents like Form-25 and Power of Attorney on September 14, 2012 but the same was not taken on record by the Patent Office on the ground that the application was not within the jurisdiction of the Receiving Office (RO/IN) and was not accompanied by permission for filing outside India. The petitioners had even corresponded with the Patent Office but no avail.

The petitioners, therefore approached the High Court by way of a writ petition claiming that the PCT application submitted by them was an application made by a resident in India and it did not require Section 39 clearance. They also added that Section 39 has to be read in the light of Sections 35, 36 and 38 and would apply to only those inventions which are relevant for defence purposes and atomic energy. The respondents, however, contended that the petitioners did not file an international application under PCT but had only filed an application for permission for filing outside India under Section 39 of the Patents Act, 1970 on Form 25. They went on to say that filing Form 25 was different from filing of international application under PCT since they are dealt with by two separate counters in the office, the application under Section 39 at the General Cash Counter and PCT Counter application in PCT Division. Further, they added that an international application is an application outside India and the Patent Office only receives applications which are to be transmitted to the concerned authorities such as the International Bureau and the International Search Authority for further processing. Also, the petitioner had not filed an application in India six weeks prior to September 14, 2002.

Disagreeing with the contention of the petitioners that since the international application was being submitted to the Patent Office in India, it cannot be said to be an application made outside India, the Court observed that the provisions of Section 39 are necessarily attracted to such applications and the procedure of the Patent Office seeking Form 25 is correct unless a permission has already been obtained or an application for a patent for the same invention has been made in India.

In view of the grant of the written permit to the petitioners on September 27, 2012, though the international application was delivered in the Patent Office on September 14, 2012, the court opined that the filing date cannot be earlier than the date on which written permit is issued. Therefore, the court disposed of the writ petition with the direction to the respondent to grant within six weeks, September 27, 2012 as the international filling date and assign an international number to the said application.

# *Delhi High Court grants temporary injunction against Cipla*

The plaintiff, Novartis, engaged in development, production and marketing, along with the licensing business of high quality pharmaceutical preparations including drugs for the treatment of respiratory disease such as Chronic Obstructive Pulmonary Disease (COPD) claimed to have invented a New Chemical Entity (NCE), INDACATEROL which was approved by the European Medicine Agency (EMA) under the name 'ONBREZ', initiated an action against the defendant, Cipla Ltd., an Indian pharma major to restrain infringement of the patent granted under the Patents Act for the novel and inventive compound INDACATEROL and its salt as a compound. Earlier, the plaintiff had initiated a suit against the defendant as it had adopted the trade mark UNIBREZ in relation to its drug i.e. generic version of INDACATEROL. The plaintiff was aggrieved since UNIBREZ was deceptively similar to the registered trade mark ONBREZ of the plaintiff. The said suit had been decreed in favour of the plaintiff.

In the instant suit, it was contended by the plaintiff that it had been manufacturing INDACATEROL from its centralized plant in Switzerland so as to ensure that the cost involved in manufacturing and maintaining manufacturing units in different countries were kept to the minimum and the quality of the drug manufactured was consistent and upto the required standards. The requirement of the drug of Chronic Obstructive Pulmonary Disease (COPD) patients was being met as per the current demand and it was willing to increase its production capacity if there was more demand in the market. The plaintiff also claimed that it took over 10 years to develop, launch and commercialize INDACATEROL in the market internationally as well as in India and the same allegedly had been infringed by the defendant.

The plaintiff also contended that the requirement of law is limited to working the patent in India so that the same is available to public at large and it is not essential that the patent must be worked by manufacturing the patented product in India. Further, the defendant neither approached the plaintiff for seeking any voluntary license nor had approached the Controller for seeking compulsory license. The defendant rather made a petition under Section 66 and 93 of the Act before the Department of Industrial Policy and Promotion (DIPP) and commenced the infringing activity even without awaiting any decision on the petition.

Cipla argued that ONBREZ was imported and there was no reason for not manufacturing the product locally. It also contended that the generic version was cheaper and available at a cost of INR 130/10 pills which was almost 1/5$^{th}$ the price of ONBREZ i.e. INR 677/10 pills. Further, the plaintiff was trying to perpetuate its monopoly with multiple patents and continuing to import ONBREZ at a lower quantity and a very high price.

The court observed that the suit patent was granted in India on August 5, 2008 and its patentability has remained unchallenged. Thus, *prima facie*, the suit patent is a valid patent. While rendering its decision the court relied on the decision of the division bench in *Roche v. Cipla* and held that, if there is a strong *prima facie* case and the validity is not seriously questioned, then there is a clear way out to grant injunction. The court observed that merely citing grounds and conditions for compulsory licensing as stipulated under Sections 83 and 84 of the Act did not absolve the defendant from infringing the patent. Further, there is no material on record suggesting the demand outstripping supplies. The Court held that irreparable harm and inconvenience will be caused to the plaintiff if the defendant was allowed to manufacture the products under patent without any interim arrangement as it will encourage the generic companies to make the medicines of the invented products and making the invention public without appropriate reward to the inventor. Therefore, the court issued an interim injunction directing Cipla to stop the sale of the generic drug in the market.

# *Hybrid Variety Is Not A 'New' Variety*

The principal challenge before the court by way of writ petitions was the decision of the Registrar, Protection of Plant Varieties and Farmers' Rights Authority which held that the parent lines of known hybrid varieties could not be registered as 'new' plant varieties under The Protection of Plant Varieties and Farmers' Rights Act, 2001.

It was the contention of the petitioner, Maharashtra Hybrid Seed Co. that hybrid seeds have distinct traits from the parent lines and could not be considered as harvested/propagating material of the parental line varieties. As per Section 2(r) of the aforesaid Act, 'Propagating material' would mean any part of a plant including an intended seed or seed, which is capable of regeneration into a plant having same characteristics as the original plant. They further contended that a 'variety' is defined 'by the expression of the characteristics' and as the characteristics of the hybrid variety are different from the parental line, the parent lines could not be considered the same as the hybrid variety and the development and sale of hybrid seeds would not amount to exploitation of the parental lines. Also that the seeds were propagating/harvesting material from the parent variety and not of the parent variety.They relied on the judgement, *Deputy Commissioner of Sale Tax (Law, Board of Revenue (Taxes), Ernakulam v. Thomas Stephen & Co. Ltd.*, and submitted that 'disposal' as used in Section 15(3)(a) of the Act connotes transferring of title from one party to another party and in the process of hybridization, the title of parent lines were not parted with in the present case.

The interveners, however emphasized that the hybrid seeds produced by crossing the parental lines were the propagating material of each parental line and the commercial exploitation of such hybrid seeds for more than one year prior to the date of application would make the parent line ineligible to be registered as a 'new' variety.

The controversy before the Court was whether the parental lines would be eligible for being considered as "novel" under Section 15(3)(a) of the Act, if the hybrid seeds of such parental varieties have been disposed of for producing the hybrid variety.

The requisite criteria for the registration of a variety as a new variety is *novelty, distinctiveness, uniformity and stability*. The plain meaning of Section 15(3)(a) of the Act indicates that a variety would be novel if harvested material of such variety has not been sold or disposed of prior to the specified period (one year if sold in India and four years if sold/ disposed of outside India from the date of application). The court further elaborated upon the expression "exploitation of such variety", which would not only include sale of a plant, or such material of that plant, which is capable of regeneration into the same variety, sale of the harvested material of varieties - in this case the hybrid seed, which would not germinate into either of the parent varieties.

The Court relying on the opinion of the *Administrative and Legal Committee of International Union for Protection of New Varieties of Plants (UPOV)*, reached the conclusion that the novelty of the parent lines would be lost by commercial exploitation of its hybrid and dismissed the petition.

# *Unauthorized use of software and trade name injected*

The plaintiffs' (SAP AG and its subsidiary) business solutions were collectively called SAP Business Suite, being customizable solutions tailored to the specific needs of each customer, their software products were neither available off the shelf, or through e-stores or resellers nor were bundled with any computer hardware in India. The plaintiffs had specific End User License Agreements (EULAs) with their clients owing to high level of customization of plaintiffs' software and did not grant license for third party training. The plaintiffs were using SAP as their trade name/trade mark since 1972 and were the registered proprietor of SAP in over 75 countries.

In December, 2011 the plaintiffs came to know that the defendants (Rohit Sharma and others) through their website www.sapguru.org were offering training on the plaintiffs' SAP software under the trade name/trade mark SAPGURU. The course was of sixty (60) hours and the fee for the same was INR Two Lakhs (INR 2,00,000). The plaintiffs contended that SAP GURU was suggestive of 'Master in SAP training' and the unauthorized use by the defendants of the mark 'SAP' as part of their website, keywords, trading style and as a trade mark amounted to infringement of the plaintiffs' registered trade mark in India and this was a conscious and deliberate attempt to illegally encash upon the impeccable goodwill and reputation gained by the plaintiffs and to cause confusion and deception within the trade circles. The defendants were also infringing the copyright of the plaintiffs in SAP computer programmes by reproducing/installing and providing unauthorized training on software of the plaintiffs. The plaintiffs also claimed that they incurred a loss of around INR Rs. 2,85,00,000/- due to the infringing activities of the defendants. Thus, the plaintiffs filed the suit for permanent injunction restraining infringement of copyright, trade mark, passing off and rendition of accounts of profit.

The Court placed reliance on *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories* and *Laxmikant V. Patel v. Chetanbhai Shah And Another* and held that the law does not permit anyone to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. In cases of infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated.

In the instant case, the defendants were not granted any license to provide training to third parties/students by the plaintiffs and the Court held that the plaintiffs were entitled to a decree of permanent injunction and damages of Rs. 5,00,000/-.

# *Delhi High Court rescues the firemen of Dabur*

The present case was filed before the Delhi High Court by Reckitt Benckiser (India) Ltd. and another, seeking an injunction against Dabur India Ltd. for alleged infringement of trade mark and copyright, passing off and unfair trade practice. It was contended by the plaintiffs that Reckitt Benckiser, the owner and manufacturer of well-known non-prescription drug for heartburn of gastro-oesophageal reflux disease conceptualised the unique and original script based on fire-fighting for advertisement and marketing. As a result in 2006, they devised, adopted and commenced the use of 'Fireman Device' in the advertisement to market their product "Gaviscon". The fire-fighting concept of fireman device was used uniformly and extensively across the global market and the 'Fireman Device' was registered in India as a trade mark in 2007. The said advertisement had fire-fighters as replicas of fireman devices and treating the heartburn of the gastro-oesophageal reflux diseases by sprinkling Gaviscon on the oesophagus and stomach wall.

The plaintiffs claimed that they were using the 'Fireman Device' extensively and it had become synonymous with "Gaviscon". They alleged that the use of the distinctive registered trade mark by the defendant amounts to infringement of the plaintiffs' registered trade mark comprised in the 'Fireman Device' and thus is causing confusion and deception in the market leading to passing off. They further alleged that the defendant had also copied the advertisement of the plaintiffs for its product Pudin Hara Lemon Fizz containing similar firemen extinguishing the fire and the defendant was copying the advertisement verbatim and causing misrepresentation and taking undue advantage of the goodwill of the plaintiffs.

The defendant, manufacturer of various ayurvedic and non-prescription medicines including *inter-alia* Pudin hara, Honitus, Glucose D etc., relied upon use of the term FIRE BRIGADE. The defendant further contended that Pudin Hara Lemon Fizz commercial used "Pet Ka Fire Brigade" as a device and not the fireman and also that the device used by the defendant is common in trade and of a non-distinctive character which has a direct reference to the character and quality of goods involved. It also claimed having sufficient goodwill by calling itself the 4$^{th}$ largest player in India in the field of stomach care products. The defendant further justified the advertisement by stating that the depiction of discomfort in upper abdomen was common to the advertisement of antacid products across the industry.

The court held in favour of the defendant by negating the plea raised by the plaintiffs and on the view that the two devices are apparently different. Whilst one is represented in standing posture with a particular dressing, the other is used as a character in the advertisement performing certain activity of fire extinguishing. The court went further and held that in an action for infringement, the plaintiff must make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the Court reaches the conclusion that there is an imitation, no further evidence is required to establish the plaintiff's rights. The emphasis was laid on *Cadbury Schweppes Pty. Ltd. v. Pub Squash Co. Pty. Ltd.* [1981] R.P.C. 429 wherein it was held that the defendant did no wrong by entering the market created by another and competing with its creator.

The line might be difficult to draw; but unless drawn, competition would be stifled. The test applied in the abovementioned case was to inquire whether the consuming public was confused or misled by the get-up, the formula or the advertising of the respondent's product into thinking that it was the appellants' dissimilar product. It was held on the facts of the case that the public was not deceived.

Further, the court found differences in the manner of expression of the plaintiffs' works with that of the defendants in the television advertisements in many respects besides the similarities as alleged by the plaintiffs, which are bound to occur in advertisements of antacid drug curing acidity. The court held that only the manner of expression needs to be protected and mere ideas are not the subject matter of protection under copyright law and hence there was no copyright infringement.

The court dismissed the interlocutory application of the plaintiff and held that any modification in the TV commercial by Dabur would be subject to the permission of the Court.

# *Temporary injunction granted with respect to generic use of Galvus (Novartis)*

The Delhi High Court has restrained Ranbaxy Laboratories Ltd. (the defendant) from manufacturing and selling Vildagliptin, an anti-diabetes drug which is patented by Novartis A.G. (the plaintiff no. 1).

The plaintiffs submitted that the defendant's website displayed Vildagliptin under the active pharmaceutical ingredient (API) product category as 'anti-diabetic drug' without any regulatory status. They further contended that though the defendant had not yet launched the said product, there was a threat of their launching or selling Vildagliptin either in API form or pharmaceutical products containing Vildagliptin alone or in combination with other compound very soon in the market. Consequently, they had filed the instant suit and sought *quia timet* injunction.

The defendant filed a revocation petition before the Intellectual Property Appellate Board contending that the patent granted to the plaintiffs was invalid on the ground of concealment of material fact which was non-disclosure of the abandonment of application dated June 13, 2007 so as to disentitle the plaintiffs from grant of injunction. Further, by abandoning an application for crystalline form of Vildagliptin, the product under the said application has fallen into public domain.

The court observed that the plaintiffs were granted product patent with respect to the compound Vildagliptin in 2007, which was effective from 1998, i.e. for 16 years the application for patent was in the public domain and no objection was raised by the defendant during that time.

Hence, the defendant was restrained from directly or indirectly dealing in active pharmaceutical ingredient (API), compounds or formulations containing Vildagliptin or Vildagliptin in combination with any other compound either through its website or by any other means as may amount to infringement of the patent of the plaintiffs. However, Ranbaxy appealed before the division bench against the aforesaid order of the Single Judge contending that the Single Judge had overlooked the law which required *prima facie* view to be taken with respect to the credibility of the challenge to the patent.

The division bench clarified that the observations made by the Single Judge were tentative and held that till the pleadings are brought on record through the medium of written statement laying a challenge to the patent granted, credibility of the challenge cannot be *prima facie* considered and the Single Judge should decide for the purposes of interim injunction whether the appellant has succeeded in establishing a credible challenge to the patent granted. The Bench disposed of the appeal without interfering with the impugned order and requested the Single Judge to hear the arguments in the interlocutory application after pleadings are completed.

# *OnePlus One controversy in India: Delhi High Court*

The plaintiff, Micromax Informatics Ltd., engaged in the business of manufacture, sale and marketing of consumer electronics, including smartphones filed a suit for permanent injunction for restraining infringement of the Ambient Services And Application Distributions Agreement (entered into by Micromax and defendant nos. 2 &3), damages, rendition of accounts against the defendants. The defendant no. 1 (OnePlus) is a company formed under the laws of China and defendant no. 2 & 3 are companies (Cyanogen'), incorporated under the laws of state of Delaware, USA and engaged in the business of developing software for mobile devices and specialize in the modification of the Android operating system.

Micromax and Cyanogen entered into an Agreement whereby Micromax was afforded a license which was to be effective from September 26, 2014 for the purpose of integrating and distributing Core OS as a critical part of the devices in India. Further, the agreement provided Micromax with an exclusive license *inter alia* for India and Cyanogen undertook not to collaborate directly with another OEM for the purpose of integrating Core OS. However in August, 2014, the plaintiff came to know that the defendant no.1, is intending to launch its handsets in India using the Cyanogen's OS for which it had exclusive rights. Despite knowledge of Micromax's rights, OnePlus sought to infringe upon such exclusive rights by launching OnePlus One in India on December 2, 2014 loaded with Cyanogen's Operating System, namely, CM 11S and trade mark Cyanogen Mod for which Micromax had exclusive rights. Further, it was contended that such an agreement supersedes any prior or contemporaneous agreement on that subject. It was also alleged by the plaintiff that defendant no.1, could not in any manner infringe or obstruct the performance of the agreement between Micromax and Cyanogen. The plaintiff claimed that it has incurred major expenses for creation of a brand exclusivity for providing to Indian customers mobile phones with Cyanogen operating systems and the same was allegedly infringed by the defendant no.1.

OnePlus, prior to the institution of the suit by Micromax had filed a lawsuit against Micromax and Cyanogen on the basis of a purported Trademark License Agreement for which injunction restraining the defendants from initiating proceedings against OnePlus in India was sought.

The defendants on the other hand averred that by virtue of agreement between Cyanogen and OnePlus, it had limited non- exclusive rights and in case there was breach of the Agreement, by either of the parties, the governing laws of State of California would be applicable. Thus, the plea of OnePlus, which seeks to restrain Micromax to exercise its right as an exclusive licensee is neither available to defendant no.1 nor the same is enforceable in the courts of India.

The Delhi High Court, considering the exclusive license of Micromax and the supersedence of its agreement with Cyanogen, granted ad-interim injunction against defendant No.1 and thus restrained defendant No.1, from marketing, selling and shipping its OnePlus mobiles in India. The Court went on to say that defendant no.1 is allowed to dispose of its stock which is lying in the market pertaining to the product in question but restrained it from shipping any product to India bearing the mark Cyanogen from today. On appeal, the division bench set aside the order of injunction and directed the Single Judge to hear the interlocutory application afresh after pleadings have been completed by the parties.

# *Overlapping copyright and design controversy*

The controversy behind Section 15(2) of the Copyright Act, 1957 seems to be unending as recently the vires of the statute has come under the scanner. Petitioner Mukul Goyal, a designer, has challenged by way of a writ petition Section 15(2) of the Act as violative of Article 14, Article 19(1)(g) and 21 of the Constitution. Section 15(2) of the Copyright Act states that Copyright in any design, which is capable of being registered under the Designs Act but has not been registered shall cease as soon as any article to which the design has been applied has been reproduced more than 50 times by an industrial process by the owner of the copyright, or with his license, by any other person. However the definition of design under Section 2(d) of the Design Act, 2000 does not include artistic work as defined in clause (c) of Section 2 of the Copyright Act, 1957. The co-relation between the abovementioned two sections establishes that an artistic work under the Copyright Act and a design are mutually exclusive of each other i.e. a design can never enjoy protection as an artistic work and vice versa. A careful perusal of Section 15 indicates that the production of any artistic piece 50 times would entail in losing the protection under the copyright law and the design would be out in the public domain without a copyright or design protection.

The petitioner contends that this is extremely dangerous for various industries that are dependent on producing designs or applied art and the right to carry out trade under Article 19(1)(g) is also being affected as a consequence. The challenge to Article 14 was based on the argument that the aforementioned section singles out the applied art industry alone as opposed to other creative industries and imposes arbitrary restrictions. It appears that he has also raised two fundamental concerns: firstly, that the Indian provision is incompatible with Article 7(4) of the Berne Convention which requires at least a protection for a term of 25 years. Secondly, the petition talks about the laws of other jurisdictions.

# *Make My Tours injuncted*

The Delhi High Court has granted interim relief to Make My Trip, one of the largest online travel companies in India in a trade mark dispute with Make My Tours Pvt. Ltd. And others. The plaintiff came across the website www.makemytours.com of the defendants, engaged in a similar business. The plaintiff alleged that the marks of the defendants were virtually identical and for identical services creating a false sense of affiliation or collaboration or nexus between the plaintiff and the defendants in the minds of public. The High Court observed that considering the facts of the present case as well as settled law applicable, the plaintiff has been able to make out a strong *prima facie* case in its favour and the balance of convenience also lies in favour of the plaintiff. Accordingly, the defendants were restrained from using the marks complained of but allowed to use the words ‘My Tour’ or ‘My Travel’ in different style/script.

# *Validity of registration of trade mark at the interim stage cannot be questioned: Bombay High Court*

Recently, the Full Bench of the Bombay High Court opined on a reference pursuant to an order of the Learned Single Judge of the High Court on a point of law i.e. whether the court can go into the question of validity of registration of the plaintiff's registered mark at the interlocutory stage in an infringement action when the defendant takes up the defence of invalidity.

In the first suit, Lupin Limited (the plaintiff), one of the top five players of the Indian pharmaceutical market whose business is primarily of manufacturing, selling and marketing various pharmaceutical products has its establishment in almost 70 countries around the globe, adopted the mark "Lucynta" in 2010 which was registered in 2012. Johnson and Johnson (the defendant) is also engaged in the same business and had adopted the mark "Nucynta" and used it extensively in the international market since 2008. It had obtained registration of the mark prior to the plaintiff. The plaintiff filed the suit against the defendant with respect to the registered trade mark "Lucynta". At this point, the defendant raised the defence of fraudulent registration of the trade mark by the plaintiff and that it was the prior user of the mark, thereby making the registration of the mark "Lucynta" invalid.

In another suit, the defendant, Shakti Bhog Foods Ltd., contended that 'GLUCO', being a descriptive term, cannot be monopolised. The plaintiff (Parle Products) had registered the word 'GLUCO' in Class 30 and asserted that in a case of infringement, the court cannot go into the question of validity of a registration as it does not have the power to do so. The defendant contended that the plaintiff cannot be allowed to contend that the application for registration must be heard and decided on the basis that the court cannot examine *prima facie* validity of registration at the stage of hearing the injunction application.

Lupin submitted that consideration of the plea of invalidity of registration in an infringement suit is barred by the provisions of the Act and the scheme of the Act. The scheme of the Act and in particular, the provisions of Section 28, 31, 57, 93, 100, 124 and 125 make it clear that the question of validity of the registered mark cannot be decided by a court at all at any stage of a suit and the question can only be decided by the Registrar or the IPAB who alone have the jurisdiction to do so. Further, the plaintiff alleged that if such a plea of invalidity is allowed to be taken at the interlocutory stage in an infringement action, the effect of registration will stand destroyed and there will not be any difference between a suit for infringement of a trade mark and a suit for passing off. Also, before granting registration, the Registrar is statutorily obliged to take into consideration all grounds envisaged in Sections 9, 11 and 13 of the Trade Marks Act, 1999 and unless the applicant for registration discharges the burden of showing that the mark is distinctive or has acquired distinctiveness or is one which can be registered, his mark will not be registered. But, once this burden has been discharged by the applicant and the Registrar duly registers the trade mark, the registered proprietor is not required to discharge the same burden again at an interlocutory stage of the suit if the defendant questions the validity of registration.

The plaintiff also laid emphasis on ‘if valid’ appearing in Section 28 of the Act and submitted that the words ‘if valid’ do not in any manner indicate that the legislature intended that the civil court should consider the question of validity of registration in a suit for infringement. Further, the plaintiff submitted that the intent of the legislature is only to allow the defendant to raise the defence of invalidity which if accepted in rectification proceedings by the appropriate forum i.e. IPAB, would result in rejecting the claim of the plaintiff for injunction and other reliefs in the infringement suit.

The defendant, however, contended that in order to grant injunction, the court has to consider three things a) *prima facie* case; b) balance of inconvenience; c) irreparable loss/injury and to rule on the above three, the court has to study the defences on the invalidity of the registration.

The court was of the view that while the registered proprietor of the trade mark would ordinarily be entitled to finding of the civil court in its favour that the trade mark registered in its name is *prima facie* valid, the jurisdiction of the court is not barred from considering the plea of the defendant at the interlocutory stage. The court went on further and held that the expression ‘if valid’ in Section 28 and the words ‘*prima facie* evidence of the validity of the trade mark in Section 31 of the Trade Marks Act, 1999 must be given their plain and natural meaning. The court observed that a heavy burden lies on the defendants to rebut the strong presumption in favour of the plaintiff at the interlocutory stage. It is not sufficient for the defendant to show that it has an arguable case for showing invalidity. The civil court hearing the application for interim injunction to restrain the defendant from using the trade mark registered in the plaintiff’s name is only permitted to consider whether the registration is totally illegal or fraudulent or shocks the conscience of the court and in such cases, the court would be justified in refusing to grant interim injunction.

# *Division Bench upholds the decision of the Single Judge in the Haagen Dazs case*

General Mills Marketing Inc. (GMM) initiated an infringement and passing off action at the Delhi High Court to restrain South India Beverages Pvt. Ltd. (SIBPL) from selling ice cream under the trade mark D'DAAZS on the basis of use and registration of the trade mark HAAGEN-DAZS. The single judge of the court held that 'DAZS' is an essential feature of the plaintiff's mark and the defendant had *prima facie* infringed the registered trade mark of the plaintiff registered since the year 1993. The court whilst restraining use of D'DAAZS also observed that the trade mark used by the defendant is phonetically and structurally similar to the mark of the plaintiff and is likely to cause confusion. SIBPL subsequently appealed the order before Division Bench of the Delhi High court. The division bench noted that both the appellant and respondent had been engaged in the business of sale of ice-creams and other related dairy products. The respondent/plaintiff claimed itself to be marketing over a hundred consumer brands (processed food and ice cream), in over a hundred countries across the globe which include ice-cream and frozen yoghurts under the trade mark "HAAGEN DAZS", an arbitrary term having no dictionary meaning, in India since 2007.

The appellant/defendant on the other hand, has been manufacturing similar products under the name of 'D'DAAZS' since 2009 and has been supplying ice-creams across South India. It laid emphasis on the principle of 'anti-dissection' and contended that the mark 'HAAGEN DAZS' enjoys protection as an indivisible whole and it is not given for the individual elements constituting the same. Further, it was contended by the appellant/defendant that 'HAAGEN' forms the dominant part of the respondent/plaintiff's trade mark and any potential similarity with the non-dominant element 'DAZS' in a trade mark would not amount to infringement.

The division bench discussed the rule of anti-dissection and identification of dominant mark at length and came to the conclusion that the purpose of 'anti dissection' and identification of 'dominant mark' are not antithetical to one another. The court referred to *Fruit of the Loom v. Girouard and Shen Manufacturing Co. v. The Ritz Hotel* wherein it was held that the mark must be viewed in its entirety and observed that the commercial impression of the mark as a whole needs to be considered. The court further held that a mark should not be dissected or split-up into its component parts and each part then compared with the corresponding parts of the conflicting mark to determine the likelihood of confusion. Therefore, the submission of the appellant/defendant which predicated upon the principle of "anti-dissection" that action for infringement would not lie since use of the word 'D'DAAZS' does not result in complete appropriation of the respondent/plaintiff's mark was rejected. The Court also observed that 'HAAGEN DAZS' was a unique combination of Danish sounding words, which have no recognized meaning in any language and were coined by the owner to make its brand name sound original or unique. Such arbitrary adoption of a word/mark with respect to a product, with which it has no co-relation, is entitled to a very high degree of protection (*Kirorimal Kashiram Marketing & Agencies Pvt. Ltd. v. Shree Sita Chawal Udyog mill*). Thus, the appeal was dismissed and appellant was restrained from using the mark 'D'DAAZS' or another mark deceptively similar to that of the respondent's trade mark in relation to ice-cream.

# Delhi High Court grants injunction against Xiaomi

The Delhi High Court has granted an *ex parte* injunction against Chinese handset manufacturer Xiaomi for infringement of Ericsson's patents. The suit was filed by Ericsson to restrain infringement of rights in eight registered patents in its name. The patents in question were Standard Essential Patents (SEPs) which are subjected to FRAND (Fair, Reasonable and Non-Discriminatory) terms. The plaintiff contended that it had requested defendants to obtain a license *qua* the plaintiff's SEPs, but instead of obtaining the license, defendant launched its infringing devices in India in July, 2014 and expanded its operations by incorporating an Indian subsidiary (Defendant No. 2) and entering into an exclusive agreement with an e-commerce company (Defendant No. 3).

The court restrained the defendants from manufacturing, assembling, importing, selling, offering for sale or advertising including through their and third party websites, products and any future or other devices or models. Further, the Central Board of Excise and Customs were directed not to allow the import of mobiles, handsets, devices, tablets, etc. that are infringing in nature of the plaintiff's registered patents. The customs authorities were also instructed that when an assignment has to be imported by the defendants, intimation shall be given to the plaintiff and objections, if any, should be decided under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007.

The defendants were asked to file an affidavit disclosing the quantum of devices sold in India and revenue earned from the sale of mobile devices till date. Xiaomi lodged an appeal against the restraining Order. The division bench was pleased to vacate the order of injunction and directed Xiaomi to deposit INR 100 per handset sold, towards royalty, in favour of the Registrar of Delhi High Court.

# *Use of BrahMos restrained in respect of garments*

The plaintiff (Brahmos Aerospace Pvt. Ltd.) claimed to be an old, well known, reputed and established Indian-Russian joint-venture company which was continuously using the trade name and trade mark BrahMos from the date of its incorporation in 1995. This joint venture was formed through an inter-governmental agreement for design, development, manufacture and sale of supersonic missile to Indian Armed Forces. The trade mark BrahMos was registered in favour of the plaintiff in India under various classes.

The plaintiff claimed that the defendant (Brahmos Garments) had adopted the trade mark BrahMos in relation to its goods i.e. garments, which is identical to the trade mark and trade name BrahMos of the plaintiff. Aggrieved by this alleged infringement and passing off by the defendant, the plaintiff filed a suit for permanent injunction against the defendant in the Delhi High Court.

The plaintiff contended that BrahMos was a unique name which has been coined by them by combining the names of the rivers 'Brahmaputra' and 'Moskova'. Also, by virtue of being an extremely popular and well-publicized name, it was a 'well-known trade mark' and had acquired valuable reputation in all the markets in India and purchasers identify and associate BrahMos with the plaintiff. The said trade mark BrahMos was also represented in a distinctive manner. The defendant however argued that since the plaintiff was primarily engaged in the business of aerospace, the protection of this non-distinctive name cannot be extended to unrelated goods or services.

The main question before the court was to decide as to what was the remedy available to an owner/proprietor of the registered trade mark where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services which are different from those for which the mark is registered. The court placed reliance on the judgment in *Rolex SA v. Alex Jewellery Pvt Ltd and Ors* wherein it was held that the test of a well-known trade mark is through the segment of the public which uses such goods. A reading of the Trade Marks Act would reveal that the said protection *qua* different goods is earmarked by the legislature for trade marks which are either highly reputed or well known or famous and enjoy either high level of distinctiveness or the marks which are inherently distinctive in nature or have become distinctive due to their repute; the use of which will be detrimental to the distinctive character and repute of the trade mark. The court relied upon the judgment in *Kalpataru Properties Private Limited v. Kalpataru Hospitality and Facility Management* wherein it was held that a passing off action was maintainable in the case of a well-known mark even if the goods and services being dealt with by the parties are not similar.

In the present case, the court held that the plaintiff was entitled to a decree of permanent injunction and concluded that though the main activities of the parties concerned were different, the same cannot take away the right of the plaintiff to protect its trade mark in view of the fact that once the court comes to the conclusion that a registered trade mark is a well-known trade mark, the same shall be protected even in relation to dissimilar goods used by the defendant.

# Delhi High Court rules on India’s Bolar Exemption

Petitioner (Bayer Corporation) was granted a patent for a pharmaceutical product titled “Nexavar” (compound being Sorafenib Tosylate) which is used for the treatment of patients with advanced stages of kidney and liver cancer. Natco Pharma Limited (NPL) (respondent no. 5) applied for and was granted a compulsory license to manufacture pharmaceutical products which were covered under the Bayer’s patent on the ground that reasonable requirement of the public with respect to the aforesaid product was not met and it was not made available at reasonable and affordable price. Subsequently, NPL started manufacturing the product under the brand name ‘Sorafenat’ but was not permitted to export the same. Bayer allegedly received information that NPL was exporting ‘Sorafenat’ outside India in violation of the terms of the compulsory license and sought direction against respondent no.1 to 4 to confiscate and seize consignment for export.

An application was filed by NPL before the court *inter alia* praying for permission to export 1 kg of Active Pharmaceutical Ingredient (API) Sorafenib for the purpose of conducting development/clinical studies and trials to a Chinese pharmaceutical company. NPL submitted that the sample size of 1 kg was required for conducting regulatory studies in China and the export of API Sorafenib was exempt by virtue of Section 107A of the Patents Act, 1970. Section 107A exempts the sale of any product for use of development and submission of information required by law in force in India or in any other country from the ambit of patent infringement. Therefore, the scope of Section 107A could not be restricted for regulatory purposes within India. NPL relied on *Intermedics, Inc. v. Ventritex Co.* to contend that even in the United States of America the sale of patented product to another party for its intended use for submission of data to FDA to obtain regulatory approvals was not found to be an infringement of patentee’s rights. Bayer argued that NPL not being the party conducting the R&D efforts, Section 107A would not apply.

The question whether a patentee’s exclusive rights with respect to a patented drug extend to preventing further research and development by competitors for seeking regulatory approvals have been much debated in the Unites States and this exception to assertion of a patent is commonly known as ‘Bolar Exemption’. Bayer relied heavily on the history of Bolar Exemption (which allows sale only in the United States) and the Polish decision ‘Polpharma’ to contend that the applicability of Section 107A of the Act must be restricted to only self-use.

The Court rejecting the reliance placed by Bayer on ‘Polpharma’, held that a sale which is related to submission of information as required by any law in India or outside India would be permissible by virtue of Section 107A. The court observed that the sweep of the plain language of Section 107A, thus, cannot be restricted in the manner as canvassed on behalf of Bayer. The court allowed the application filed by NPL on the ground that the sale of 1 kg of ‘Sorafenat’ to the Chinese company could be reasonably stated to be related to the studies that are required to be conducted for obtaining the regulatory approvals.

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