Newsletter

February - March 2015 Edition

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

Change in head of the Indian Intellectual Property Office

Mr Rajiv Aggarwal, Joint Secretary, Department of Industrial Policy and Promotion has taken additional charge as the Controller General of Patents, Designs and Trademarks (CGPDTM) until further orders.

Electronic filing facility- Geographical Indications and Designs

The Office of CGPDTM has launched an electronic filing system enabling the applicants to file application for the registration of Geographical Indications (GI) and Designs with easy payment options provided via comprehensive payment gateway comprising net banking, debit cards, ATM cards and credit cards. Existing digital signature (in use for Patents or Trade Marks) can be utilized for login and authentication into the e-filing system.

Kids Nook

Of late, a lot of new tools, features etc. have been introduced by the Indian Patent Office (IPO). Amongst others, IPO has launched KIPS-Kids Intellectual Property Series, which purports to teach children the basis of intellectual property rights by way of comics and animation.

Updated eVersion of the Patents Act, 1970 and the Patent Rules 2003 now available

The CGPDTM has posted the fully updated eVersion (pdf or HTML) of the Patent Act, 1970 and the Patent Rules, 2003; the Trade Marks Act, 1999 and the Trade Marks Rules, 2002 and the Geographical Indication of Goods Act, 1999 incorporating all the recent amendments.

A draft Manual of Trade Marks Practice and Procedure

'The draft Manual of Trade Marks Practice and Procedure' has been published to bring uniformity and consistency of practice with respect to the various procedures involved in the administration of the Trade Marks Act. The manual attempts to explain the practice and procedure of the Trade Mark Registry by categorising the issues outlined in three parts: underlying concepts, requirements from the stakeholders and the office action. The Manual will be finalised after receipt of comments from the stakeholders and careful consideration of the same.

Draft Guidelines for Search and Examination of Patent Applications

The CGPDTM has published guidelines for comprehensive search and examination of Patent applications which will encompass all areas of technology as well as reflect the office practice so as to achieve greater transparency in its working procedure. Suggestions have been invited on the draft in order to obtain feedback from the stakeholders.

National Intellectual Property Awards 2015 in Geographical Indications (GI)

National IP Award for “Best Facilitation of Registration of GI and Promotion of Registered GI in the country” will be presented at an event, organized by the Intellectual Property Office (IPO) in collaboration with the Confederation of Indian Industry (CII) on the occasion of World IP Day to be celebrated on April 26, 2015. The award will carry a cash prize of INR 100,000/- and a citation.

Indian Patent Advanced Search System (InPASS)

The CGPDTM has launched a new search facility *viz* ‘Indian Patent Advanced Search System’. This allows a full-text search to be conducted for Patents as well as Patent applications using wild-cards, truncation and Boolean operator. This tool will be very useful in conducting Patent Landscape, Freedom to Operate searches etc. In 2010, the IPO had launched IPAIRS, the Indian Patent Information Retrieval System, which would now be officially withdrawn.

Online filing of documents encouraged in Patents

All stakeholders have been informed by way of public notice that documents filed through the online system will only be considered for further processing and examination and, Physical copies of the same are not required to be filed again. Documents such as power of attorney, certified copies, certified copy of translations, license agreements, proof of right, assignments and any other notarized documents are exceptions to the general rule.

National Intellectual Property Awards 2015

The CGPDTM has invited applications for the National IP Awards 2015. These awards are being organized by the Intellectual Property Office 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 (patent, designs and trade marks) who have contributed to harnessing country’s intellectual capital and creating an eco-system that boosts creativity and innovation. Apart from this, the World Intellectual Property Organization (WIPO), under a scheme known as WIPO Awards Program, shall also bestow two awards known as ‘WIPO Medal for Inventors’ and ‘WIPO IP Enterprise Trophy’ for ‘Top Individual for Patents’ and ‘Top Indian Company for Patents’, respectively.

Disposal of matters related to withdrawal of oppositions/rectifications

A special drive for disposal of opposition/rectification matters announced in January, 2015 is being implemented and hearing officers designated to dispose of cases in accordance with the application numbers between February 9-20, 2015 at all the offices of the Trade Marks Registry.

Updates from Ministry of Corporate Affairs

MCA Notifies Form for filing information to rectify defects in e-forms

The Central Government vide notification dated February 24, 2015 amended the Companies (Registration Offices and Fees) Rules, 2014. The new rule facilitates provision of further information or documents in respect of application or e-form or document, filed electronically with the Ministry of Corporate Affairs in Form No. GNL- 4 as an addendum.

Introduction of MCA e-book (http://www.mca.gov.in/MinistryV2/MCA_ebook.html)

The first edition of an e-book has been published by the Ministry which *inter alia* provides a snapshot of its activities and achievements in the recent years as well as highlights major services provided to stakeholders.

The Companies (Indian Accounting Standards) Rules, 2015

The Central Government in consultation with the National Advisory Committee on Accounting Standards, has promulgated rules for the applicability of the Indian Accounting Standards (Ind AS) for compliance by the class of companies specified in the notification. The Rules published vide Notification dated February 16, 2015 shall come into force w.e.f April 1, 2015. According to the Rules, companies which follow the accounting standards as prescribed in Companies (Accounting Standard) Rules, 2006 shall comply with such standards and not Ind AS.

E-Voting Facilitation

Vide notification dated March 19, 2015, the Central Government has amended the Companies (Management and Administration) Rules, 2014. The new Rule 20 prescribes that every company having its equity shares listed on a recognized stock exchange or a company having not less than one thousand members shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the general meetings by electronic means.

Resignation by Foreign Directors

Under Rule 16 of the Companies (Appointment and Qualification of Directors) Rules, 2014, any director who resigns from a company has to file Form DIR-11 to inform the Registrar of Companies of his resignation and the reasons for resignation within thirty days. This requirement has been relaxed by way of an amendment to the aforesaid Rules in case of resignation by foreign directors. A foreign director of a company who resigns is now permitted to authorize a practicing chartered accountant or cost accountant in practice or company secretary in practice or any other resident director of the company to sign Form DIR-11 on his behalf and to inform the Registrar of the reasons for resignation (Notification No. G.S.R 42(E) dated February 19, 2015).

Café Madras

A law suit was filed by Kamaths, who are owners of the South-Indian restaurant in Mumbai by the name ‘Café Madras’, against the defendants, who opened their own ‘Café Madras’ in Jalgaon and Nashik, cities a few hundred kilometres from Mumbai. The plaintiffs, Kamaths are the registered proprietors of the marks ‘Café Madras’ since 2005 which they used extensively, openly and continuously since 1951, generating considerable goodwill and a high reputation.

According to the defendant, the two words ‘Café’ and ‘Madras’ were purely descriptive and not distinctive and thus, incapable of registration. It was argued that there were several establishments across India with the same name and cuisine. Moreover, plaintiffs’ goodwill was geographically and territorially restricted, and the defendant could not affect the goodwill since it was operating from a distance. Therefore, plaintiffs couldn’t enforce their rights under Section 18 and Section 28 of the Trade Marks Act, 1999.

The court held that the essential features of the two competing marks is the expression ‘Café Madras’ which was structurally, visually and phonetically identical to the defendant’s mark. It went on to say that in an infringement action, the rival marks need not be an exact replica or clone and trivial and non-distinctive matters do not sufficiently distinguish a competing mark. The test is that of a person of average intelligence and an imperfect memory. Even though the plaintiffs’ registration was subject to limitation or condition vis-à-vis the word “Madras”, yet that would make no difference if the mark is looked at in its entirety.

Further, the court observed that the plaintiffs had adduced several write-ups appearing in popular magazines having wide public circulation, write-ups extolling the quality of the food and the service at the Kamath’s Café Madras eatery, laudatory comments on television and in the media (including by internationally renowned chef, Gordon Ramsay). Thus, the court concluded that the goodwill and reputation in the plaintiffs’ Café Madras eatery is not geographically limited but travels further and the adoption of a confusingly and deceptively similar mark is apt to cause damage to the plaintiffs.

Additionally, the defendant submitted that the plaintiffs’ mark is a ‘compound’ or a ‘transferred epithet’, comprising a word that is subject to a limitation and another that is common to the trade and thus could avail the benefit under section 17 of the Trade Marks Act, 1999. But contradictory to its submission, the defendants had applied for registration of an identical mark, which implied that the defendant believed the mark to be exclusive and capable of registration i.e. it is not generic, descriptive or common to the trade. The court applied the principle of approbation and reprobation and observed that an applicant cannot simultaneously make the claim and also contend that in the hands of another the very mark he chooses to monopolize by virtue of his application has no redeeming distinctiveness or that is so utterly generic, descriptive and so common to the trade that no registration at all is possible.

Lastly, the defendant’s claim to bona fide concurrent user was rejected and the court granted interim relief to the plaintiffs.

Qualification Provisions in the Trade Marks Act for appointment to IPAB struck down

In 2011, a writ petition was filed by Shamnad Basheer, a Professor, before the Madras High Court challenging certain crucial provisions of the Trade Marks Act, 1999 and the Patents Act, 1990 that provide for establishment of the Intellectual Property Appellate Board (IPAB). The same was heard and disposed of on March 10, 2015.

The petitioner contended that although IPAB has been constituted to take over the functions of the High Courts in key areas pertaining to the adjudication/resolution of trade mark and patent disputes, the independence of the IPAB from executive influence is under serious question. The norms for appointment of IPAB members, its current constitution and its mode of functioning are all in blatant violation of the sacrosanct principles of an 'independent judiciary' and 'separation of powers' as enshrined in the Constitution. He further added that the qualification criteria for the positions of Chairperson, Vice-Chairperson and Judicial Members of the IPAB make no reference to advocates who have at least 10 years of practice. Also, the procedure adopted for selection is contrary to the decision of the Supreme Court in *Union of India v. R. Gandhi, President, Madras Bar Association* (popularly known as NCLT judgment) where the court for the first time clarified the norms relating to the actual composition and qualification of tribunals taking over the functions of the High Court.

On the issue of constitutionality of Section 85(3)(a) of the Trade Marks Act which provides for the qualification for appointment to the post of a Judicial Member in IPAB, the court observed that in *S.P. Sampath Kumar v. Union of India* and *Union of India v. R. Gandhi, President, Madras Bar Association* it was held that however high one may be in holding an Executive post, such a person cannot exercise the function of Judicial Member without any experience as both the roles are essentially different. Consequently, Section 85(3)(a) of the Trade Marks Act was declared unconstitutional, being contrary to the basic structure of the Constitution. Similarly, Section 85(2)(b) of the Trade Marks Act which provides for the qualification for appointment as a Vice-Chairman was also held unconstitutional as a judicial function was sought to be entrusted to an Officer of a Government. The provision was held an affront to the separation of powers, independence of judiciary and basic structure of the Constitution.

The court observed that a technical member takes part on equal terms along with a judicial member in the decision making process. Hence, it re-defined the qualification of a technical member under Section 85(4)(a) of the Trade Marks Act in order to bring it at par with the judicial member. It was held that under Section 85(4) (a), a person holding the post of not less than the Joint Registrar can qualify for appointment as Technical Member only when he was appointed in the said post of Joint Registrar with 12 years of practice in a State Judicial Service or 12 years of practice at the bar and not otherwise. Further, only a Technical Member with the above qualification alone can be considered for the post of Vice-Chairman.

To the petitioner's contention that the role of the consultative procedure under Section 85(6) of the Trade Marks Act is illusory, as the consultation with the Chief Justice of India for appointment of Chairman is made subject to the approval of the appointment Committee of the Cabinet, the court held that recommendation of the Chief Justice of India to the post of Chairman should be given due consideration by the appointment Committee of the Cabinet and the process does not involve any approval.

Writ Petition of Phonographic Performance Ltd. dismissed

Phonographic Performance Ltd. (petitioner no. 1), a company, registered as a Copyright Society had filed a writ petition against *inter alia* Union of India in the High Court of Delhi, where the primary issue for consideration was whether the Registrar of Copyrights (respondent no.2) had the power to grant licenses over and above directed by the Copyright Board.

Respondent no. 3, a company engaged in the business of FM Radio Broadcasting filed an application/complaint for grant of compulsory licences under Section 31(1)(b) of the Copyright Act against the first petitioner before the Copyright Board for its FM Radio Station in Bangalore, Mumbai, Delhi, Lucknow, Patna and Nagpur. The Copyright Board, *vide* its order dated August 25, 2010 directed respondent no. 2 to issue compulsory licences to respondent No. 3 on a revenue sharing basis subject to certain terms and conditions.

The grant of the said licenses and the rate fixed by the Copyright Board were challenged by the aggrieved petitioner no. 1 in the Bombay High Court and then to the Supreme Court, and the matter was remanded to the Copyright Board for reconsideration on merits. Also, it is pertinent to mention that a statutory appeal was filed by petitioner no. 1 to the Madras High Court against the order dated August 25, 2010 of the Copyright Board.

The grievance of the petitioners was that the respondent no. 2 along with the grant of five compulsory licenses (*vide* order dated September 03, 2010) to respondent no. 3 as authorised by the August 25, 2010 order also granted additional licenses for 15 more cities which were not prayed for in the application. Further, *vide* order dated September 16, 2010 respondent no. 2 had issued 6 licences in favour of the respondent no. 3, while only one licence was applied for. Respondent no. 1 is of India, which has constituted the Copyright Board and has appointed the respondent no.2

The petitioners *inter alia* contended that it was outside the scope of jurisdiction or authority of respondent no. 2 to grant any licence beyond what was sought for, and adjudicated upon, by the Copyright Board. Further, it was contended that Section 31 permits grant of licence by respondent no. 2 as directed by the Copyright Board only on payment of prescribed fee which as per the Second Schedule was INR 200 per work but it had not been paid by respondent no. 3. The respondents argued that the licence was *qua* the repertoire of the petitioners' work, and was not limited to any particular city. Further, it was contended that the petitioners had entered into voluntary licences with respondent no. 3 which precludes them from taking a contrary stance.

The court observed that the petitioners had entered into 20 voluntary licenses with respondent no. 3 and there was clear understanding that the final order of the Copyright Board would be complied with by both the parties. Also, from the reading of Section 31 and the Second Schedule it was imperative that fee of INR 200/- was to be paid per sound recording in the repertoire of the petitioners. Further, it was noted that a compulsory licence *qua* the repertoire was granted by the Copyright Board to a particular entity i.e. the applicant, thus, the same cannot be said to be limited to any particular city.

Following *R.P. Khosla & Anr. Vs. Connaught Plaza Restaurant Pvt. Ltd.* where it was held that administrative orders can also be appealed, the court held that the petitioners should have filed appeals before the Copyright Board or sought clarification from the Copyright Board on whether the impugned order was confined to any particular city. The court held that since petitioners had challenged the impugned order before the High Court of Madras and in case the petitioners succeed therein, then, that decision *qua* the licences issued by the respondent no. 2 *vide* its orders dated September 03, 2010 and September 16, 2010 would be applicable. The petition was dismissed as the court did not find any merits.

THE ORCHID controversy before various fora
[Kamat Hotels (India) Limited vs. Royal Orchid Hotels Limited]

Kamat Hotels (India) Limited (hereinafter KH) which is into the business of hotels, restaurants and food catering, claimed to be the owner and proprietor of the trade mark "THE ORCHID". KH initiated a lawsuit for infringement and passing off against Royal Orchid Hotels Limited (hereinafter ROH) before the High Court of Bombay in the year 2008. The court granted an injunction in favor of the plaintiff and restrained the defendants from opening any new hotel with the name ‘ROYAL ORCHID’.

The defendants, had earlier filed applications for registration of the trade marks ROYAL ORCHID and ROYAL ORCHID HOTELS in Class 42 which were refused by the Deputy Registrar of the Trade Marks. The Deputy Registrar found that the marks were not registerable since the only registerable feature in the marks was the word 'Orchid', which was identical to the opponent’s trade mark and held that the opponent’s mark was very well known and highly distinctive and that adoption of the marks by the applicants was dishonest. The defendants preferred an appeal against the order of the Deputy Registrar at the IPAB which was allowed. The Board held that there was no likelihood of confusion between ‘orchid’ and ‘royal orchid’ and that it had established prior use/adoption. Subsequently, the plaintiffs filed rectification petitions before IPAB for removal of the trade marks ROYAL ORCHID and ROYAL ORCHID HOTELS already registered in Class 16 which was rejected on the ground that the respondent or their predecessors-in-interest had used the word “Orchid” though in connection with a banquet hall in 1992, long before the respondent “Orchid” was established, which was only in 1997. In this order it was also held that the documents under the Companies Act cannot be disputed and the resolution to change the name Royal Orchid Hotels Limited was in 1996 and again before the alleged user by the plaintiff. The Board also held that the word ROYAL ORCHID must be taken as a whole. Hence, “Royal Orchids Hotel” and the “Orchid” cannot be confused.

After losing at the IPAB in the rectification petitions, Kamat Hotels filed two writ petitions before the Madras High Court. Before the court, the petitioner put forth similar arguments. Predictably, the court upheld the IPAB’s order. On prior user, the court noted that the IPAB had gone through several documents which showed that the respondent had been using the mark ‘Orchid’ since the year 1990 and that the petitioner started using the said mark only in 1997. Therefore, the petitioner clearly was not the prior user. Further the court observed that the order passed by the IPAB does not suffer from any legal infirmity or any error apparent on the face of the record so as to warrant any interference by the court.

A Special Leave Petition was preferred against the order of the Division Bench of The Madras High Court, however, the said petition was dismissed by the Hon’ble Supreme Court.

Microsoft: A well-known mark

Microsoft Corporation is engaged in the development, manufacture, licensing and support of a range of software products for various computing devices including Microsoft Windows (various versions) and application software such as Microsoft Office, Microsoft Windows Server System, Microsoft Publisher and other stand-alone desktop applications. Microsoft Corporation India Private Limited is its subsidiary in India. They (plaintiffs) filed a suit against the defendants who did not join the proceedings.

The plaintiffs became aware of a trademark application for 'Microsoft Multimedia' for services in relation to education and training filed by the defendants. They also found out that the defendants had wrongly registered a domain name microsoftmultimedia.com in the name of defendant no.1. When the plaintiff filed an opposition to the defendant's application before the Registrar of Trade Marks, the defendant abandoned the application.

The plaintiffs contented that plaintiff no.1 had been in existence since the year 1975 and had enforced its rights in the trademark MICROSOFT numerous times. Further, it was granted more than 150 *ex-parte* ad interim injunctions protecting different facets of the intellectual property belonging to the Plaintiffs' including the well-known trademark MICROSOFT. It had also been recognized as one of the world's most valuable boards and the Forbes list recognized it as the second most valuable brand in 2013. Further, its goodwill and reputation had been adversely affected by the illegal infringing activities of the defendants. It had suffered irreparable loss and claimed damages of INR 2,000,000/-

The court relied heavily on *Rolex Sa vs. Alex Jewellery Pvt. Ltd. and Ors.* and reached the conclusion that as per the material placed on record and the statements made in the plaint, MICROSOFT is a well-known mark and it is known to most of the people in the World. No one is entitled to use the same either as a trade mark or part of its trading style in relation to similar or dissimilar business as the said trademark has got a unique goodwill and reputation. The court had earlier granted an *ex-parte* interim injunction in favour of the plaintiff and restrained the defendant from using the mark 'MICROSOFT' in relation to services and products given or offered by them to the public. Since the evidence of the plaintiffs was unrebutted, the statements made by the plaintiffs were accepted as correct deposition and held to be entitled for a decree of permanent injunction. The defendants were also restrained from using 'MICROSOFT' in any manner in their domain name. The court awarded INR 200,000 as compensatory damages and INR 300,000 as punitive/exemplary damages to the plaintiff along with INR 50,000 as cost of the suit.

Decree on Admissions: Not on details omitted inadvertently which did not prejudice grant

A suit had been filed by the plaintiff (Koninklijke Phillips Electronics), seeking permanent injunction against the defendants (Maj. (Retd.) Sukesh Behl & Anr) from infringing its essential DVD/Video/DVD ROM Disc Patents. The defendant in response filed a written statement, denying not only the allegations but also made a counter claim for revocation of the suit patent on the ground of failure on the part of the plaintiff in disclosing complete information to the Controller of Patents (COP) as mandatorily required by Section 8 of the Patents Act, 1970 regarding pendency of any application for a patent in any country outside India, in respect of the same or substantially the same invention.

After the written statement was filed, the patent agent of the plaintiff by way of a letter, informed the COP, Chennai, regarding the non-submission of certain relevant information pertaining to the foreign fillings and requested the COP to take on record the enclosed status list of corresponding foreign applications. Thereafter, an affidavit was filed before the COP, stating that though the patent agent had received instructions along with a 3 page long updated status list of corresponding applications from the plaintiff, the information printed on the reverse of the first page was inadvertently omitted while submitting the same to the Patent Office and that the omission was purely accidental.

The defendant filed an application under Order XII Rule 6 of CPC contending that the letter filed by the patent agent amounts to admission of suppression of relevant information by the plaintiff and being in contravention to Section 8 of the Patents Act, a decree be passed in their favour allowing counter claim and revoking of suit patent.

The defendant also highlighted the statement of patent agent, “during the prosecution of granted patent, certain details regarding corresponding fillings were not submitted to the Indian Patent Office” as being ‘clear’ and ‘unequivocal admission’ *prima facie*, attracting grounds for revocation, to which the plaintiff disagreed.

The court, however, dismissed the application filed by the defendant, stating that, while the plaintiff did not deny that a part of the information concerning the pending foreign applications was inadvertently not disclosed, it was also not proved that withholding the said information was deliberate or there was any wilful suppression of such information. Further, the question whether the non-disclosure of the information contained on the reverse of the first page was material to the grant of the patent raises a triable issue.

The defendant preferred an appeal before the Division Bench of the High Court with a prayer to allow the application that was filed under Order XII Rule 6 of CPC. Placing reliance on *Chemtura Corporation v UOI,* he contended that the provisions of Section 8 of the Patents Act are mandatory and any violation of Section 8 shall result in revocation of patent under Section 64(1) (m) of the Act. Further, it was contented that the term “*may*” in Section 64(1) of the Patents Act shall be construed as “shall” meaning thereby that the contention of the plaintiff that the omission to furnish the particulars of the foreign filing was only accidental and not intentional deserves no consideration.

The plaintiff, however argued that the power under Order XII Rule 6 is only discretionary and revocation of a patent is not warranted unless the court finds that the omission was deliberate and the information not submitted was material to grant of patent. The submitted affidavit showed no failure as such on the part of the plaintiff. Further, it was confirmed by the Attorney that complete information was received by them but inadvertently one of the pages containing additional information was missed out by the office personnel and it was also pleaded that the omitted details do not prejudice the grant of suit patent in any manner.

In *Gurudevdatta VKSSS Maryadit vs. State of Maharashtra*, it was held that: “It is a cardinal principle of interpretation of statute that the word of a statute must be understood in their natural, ordinary or popular sense and construed according to their grammatical meaning, unless such construction leads to some statute to suggest the contrary. The golden rule is that the words of a statute must prima facie be given their ordinary meaning. It is yet another rule of construction that when the words of a statute are clear, plain and unambiguous, then the courts are bound to give effect to that meaning, irrespective of the consequences……..”.

The High Court held that, it is no doubt true that the Patent Attorney of the Plaintiff admitted in the affidavit filed before the COP, that certain information in relation to corresponding foreign applications was omitted while filing the information as required under Section 8 of the Patents Act. However, it is not as if there was total failure on the part of the plaintiff to disclose the information in terms of the undertaking filed under Section 8(1)(b). The omission was only to furnish a part of the information for the reasons stated therein. It is also the specific case of the plaintiff that the information so omitted is not material to the grant of the patent in question.

Therefore, it was concluded that though any violation of the requirement under Section 8 may attract Section 64(1)(m) for revocation of patent, such revocation is not automatic, but it is always open to the court to examine the question whether the omission to furnish the information was deliberate or intentional. Consequently, it cannot be held that there is any unequivocal admission by the plaintiff and that it is not a matter for granting a decree even before the evidence is led by the parties as envisaged under Order XII Rule 6 of CPC.

The Division Bench held that the learned Single Judge was fully justified in dismissing the application of the defendants under Order XII Rule 6 of CPC. The order under appeal did not suffer from any infirmity and therefore, the appeal was dismissed.

Delhi High Court grants Temporary Injunction against Glenmark

The plaintiff, Symed Labs, engaged in development, production and marketing, along with the licensing business of pharmaceutical drug ‘Linezolid’, an anti-bacterial drug used for the treatment of pneumonia, among other infections, initiated an action against the defendant no. 1 (Glenmark Pharmaceuticals) is a company based in India and dealing in the manufacture and supply of both active pharmaceutical ingredients (APIs) and finished doses forms of various pharmaceutical formulations including linezolid. Defendant no. 2 is its subsidiary They were allegedly infringing plaintiff’s rights in registered patents by manufacturing the drug ‘Linezolid’ containing key intermediates PHPFMA and Zodiac-4 and selling it under the brand name ‘LIZOLID’.

The plaintiff presented lab reports including the reports produced from IICT (Indian Institute of Chemical Technology – a Central Government organization), recording the presence of PHPFMA and Zodiac-4 in certain samples of the defendants’ drug that were tested prior to the institution of the suit. Further, they also presented findings as to the presence of CHFA, PHPFMA and Zodiac-4 in certain samples collected during the pendency of the suit. The plaintiff contended that these compounds were novel intermediate compounds that were integral to the patented process, and is a sufficient proof as per Section 104A of the Patents Act, 1970. Specifically, the plaintiff claimed that it has expended huge amount, effort, time and money in developing and inventing the patented processes which allegedly had been infringed by the defendants.

The defendants contended that intermediates obtained in the process of manufacture of “Linezolid” as claimed by the plaintiff has been known in the pharmaceutical industry for a long time prior to the plaintiff’s alleged development of the process or the intermediates. It was urged that the plaintiff had suppressed longstanding business relationship of supply of Linezolid to defendant no. 1 since the year 2003 as it was granted a drug licence in the year 2002 and it had been selling Linezolid in the open market to the knowledge of the plaintiff since then. It was also contended that the plaintiff is estopped by the fact that it had abandoned and disclaimed PHPFMA as a novel intermediate before the EPO. Further, the defendants challenged the jurisdiction of the Delhi High Court on the basis that they do not have any manufacturing plants for the drug in Delhi.

The defendants urged that the claim made by the plaintiff is contradictory inasmuch as the initial test report did not disclose the presence of CHFA while suddenly presence of CHFA was found in the same sample tested post filing of the written statement by the defendants. They urged that CHFA, PHPFMA and Zodiac-4 being in public domain, no inference can be drawn that presence of these compounds in a particular product is indicative of the infringement of the suit patents.

The court found that the defendants had only intermittently purchased around 2816 kgs of Linezolid API from the plaintiff to prepare finished dosages of the pharmaceutical product, because the defendants had not found it feasible to manufacture Linezolid API of their own. Further, as far as the defendants' contention that PHPFMA is not a novel intermediate as held in European Patent No. 1768967 is concerned, PHPFMA was affirmed to be a novelty by U.S. Patent Office (USPO) and compound claims for PHPFMA was granted to the plaintiff in Claims 64 to 66 of the U.S. Patent No. 7429661 B2.

The court held that the defendants had their primary place of business in Delhi and had failed to provide sales figures of the finished dosages and quantum of manufacture of Linezolid API since the year 2003 and an irreparable harm and inconvenience would be caused to the plaintiff if the defendants were allowed to manufacture the products under patent without any interim arrangement. Therefore, the court issued an interim injunction restraining the defendants from manufacturing, selling, offering for sale, advertising or directly or indirectly dealing in the production of Linezolid till the disposal of the suit.

It is pertinent to note that aggrieved by this order, the defendants filed an appeal before the Division Bench of the Delhi High Court. In the appeal-order dated February 5, 2015, questions on the applicability of provisions of Section 104A of the Patents Act, 1970 were raised and the temporary injunction was vacated. The matter has been listed for arguments on April 27, 2015.

Expedited Examination: Committee constituted by the Delhi High Court

As mentioned in our publication of October - November 2014, the High Court of Delhi in its order dated October 9, 2014 had directed the Government to constitute a committee to consider factors involved in relation to examination of patent applications in India.

The issues in brief were:

i. If expedited examination is not considered feasible, whether waiver of maintenance fee for the delayed period or other measures could be considered in order to compensate the patentees for the time consumed in the examination process.

ii. As to whether the examination of patent applications could be carried out of turn under the existing provisions of the Patents Act, 1970 and the Rules made there under and if so, under what circumstances?

After long deliberation, the Committee unanimously agreed among other things, that a new rule may be proposed where out-of-turn/expedited examination would be allowed based on manufacturing similar to the provisions in the USA and Japan.

Natco-Gilead tie-up to manufacture chronic hepatitis C medicines

In a recent development, drug firm Natco Pharma has signed a non-exclusive licensing agreement with US based Gilead Sciences to manufacture and sell generic versions of its chronic hepatitis C medicines including Sofusbovir (Sovaldi). As per the deal, Natco will fix its own price for the generic versions and will pay a royalty on sales to Gilead. In 2014, however, Natco had asked the Indian Patent Office to deny patent to Sovaldi and filed a pre-grant opposition (covered in our April- May 2014 edition).

Comparative Advertising- The brighter side?

A suit was filed before the Delhi High Court by Havells for permanent injunction against misleading/comparative advertisement of Eveready.

The advertisement in question compared defendants' product (EVEREADY LED BULBS) with plaintiffs' product (HAVELLS LED BULBS) and according to the plaintiffs the same resulted in disparagement and misrepresentation besides misleading the consumers.

The plaintiffs argued that the defendants by using the tagline "*check lumens and price before you buy*" created an impression that only two of its superior attributes "brightness" and "price" are relevant attributes, restricting the consumers from comparing other relevant features like "power factor" and "over all life" of the product. He asserted that the impugned advertisement dealt with value of the product and conveyed that the defendants' product (Eveready Bulbs) offered a better value for lesser price, thereby misleading the buyers. He argued that "CFL Bulb" was written in a very small font, thus portraying that the plaintiffs' product was inferior on all fronts and yet was more expensive. He further submitted that Section 29(8) and Section 30(1) of the Trade Marks Act, 1999, stipulate that commercial advertising shall be in accordance with honest practices in industrial or commercial matters and not take unfair advantage or be detrimental to the distinctive character or repute of the trade mark. It was also observed that the defendants have mentioned a lower price in the advertisement than the actual price at which their products are being sold in the market. Bills were also produced to support the contention.

The defendants, on the contrary, stated that the representations made in the advertisement were true and justified. It was argued that only limited features were compared since the packages of most rival products do not contain complete information other than "brightness" and "price", including the plaintiffs' product. It was contended that "brightness" is the most important feature of a bulb as it is meant to dispel darkness. The defendants further submitted that there is no such requirement in law to compare all the features and further, the law permits an advertiser to compare its good features over the goods of a competitor, where no negative comments were made to denigrate the product.

Relying on the '*Philips India Pvt. Ltd. vs. Shree Sant Kripa Alliances Pvt. Ltd.*, the defendant contended that in an action for disparagement, the plaintiff would have to prove a case of special damage caused (to prove a general decline in business) and in the present case there was no such special damage caused to the plaintiffs.

In the opinion of the court, the primary objective of Section 29(8) and 30(1) of the Trade Marks Act, 1999, is to allow comparative advertising as long as the use of the competitor's mark is honest. Comparative advertising is legal and is permissible as it is in the interest of vigorous comparison and public enlightenment. The court held that there is no such rule that requires an advertiser to compare all features of a product. On a perusal of the advertisement, the courts found that the representation made therein is that the defendants' LED bulbs are the brightest. The tagline in the advertisement is "switch to the brightest LED's" and not the "Best LED's". Therefore comparative advertisements can be limited to comparing only relevant features ('brightness' in this case) being the most relevant in case of bulbs.

During the course of the hearing, the advertising campaign launched by the defendant on television channels was shown to the court and it was further observed that the campaign does not fall under the term 'comparative advertising' as it does not mention the names of any rivals in the trade, including that of the plaintiffs. The court observed that the impugned advertising campaign is not misleading and there is no denigration or disparagement of plaintiffs' mark. Consequently, the interlocutory application for injunction being bereft of merits was dismissed.

High Court grants temporary injunction restraining Glenmark; Supreme Court stays the order

Merck Sharp and Dohme Corporation (the plaintiff no. 1), a major U.S drug maker, had filed a suit against Glenmark Pharmaceuticals (the defendant) in April, 2013 to restrain the defendant from using its patented product Sitagliptin (Indian Patent No. 209816 ["the patent"]). The patent pertains to a drug which lowers blood sugar levels in Type II Diabetes patients. The interlocutory application of the plaintiff was dismissed by the Single Bench of the Delhi High Court and the plaintiff preferred an appeal to the Division Bench.

The plaintiff claimed having a patent in 102 countries for the suit patent formulation, the Indian Patent Application having been filed on January 6, 2004 with the priority date July 6, 2001. The patent was granted on September 6, 2007. It alleged that Glenmark was aware of the suit patent as it cited the same in support of its patent claim in the United States. It was argued that Glenmark, by manufacturing, selling, offering for sale and advertising the pharmaceutical combinations Sitagliptin Phosphate Monohydrate and Sitagliptin Phosphate Monohydrate and Metformin Hydrochloride infringed the suit patent and its claims as Sitagliptin Phosphate Monohydrate cannot be prepared without manufacturing the active ingredient Sitagliptin molecule.

The Single Judge concluded that the plaintiff did establish as to how Sitagliptin Phosphate is merely a new form of Sitagliptin that was medically equivalent to Sitagliptin. The Single Judge relied upon a previous ruling of the High Court to the effect that if a related patent claim in India is rejected and that information is not forthcoming at the time of the subject patent claim, no injunction can be granted.

After considering the submissions and arguments presented by both the parties, the Division Bench observing that much of the controversies which had to be grappled with at the appellate stage ought to have ordinarily been considered during the proceedings before the court of first instance, restrained the defendant vide its order dated March 20, 2015 from manufacturing and selling generic version of the anti-diabetic drug.

The court noted that there is a serious technical dispute here that is to be tried. The court also left the question of whether the suit patent discloses Sitagliptin Phosphate Monohydrate open. It observed that the patent sufficiently discloses the Sitagliptin free base which is truly clear, precise and passes the triple test for patentability (novelty, inventive step and industrial application). Accordingly, the ambiguity alleged by Glenmark does not imply prima facie invalidity. Further, the court accepted the offer of the plaintiff that it would compensate Glenmark if its suit were to be dismissed. It noted that Glenmark had not challenged the patent of Merck Sharp and Dohme. The Division Bench opined that the plaintiff succeeded in establishing prima facie case of infringement; an interim arrangement that secures the interests of both parties and which maintains the public interest involved is available which also ensures that the possibility of irreparable harm to the patentee is removed. The Division Bench setting aside the order of the Single Judge gave directions to both the parties inter alia allowing Glenmark to sell the products in question which are already in the market.

Glenmark aggrieved by the order of the Division Bench approached the Apex Court for seeking a stay of its order. Upon considering the arguments submitted by Counsels of both the parties, the Supreme Court stayed the order of March 20, 2015 until April 28, 2015, the next date of hearing.

Delhi High Court sets aside Patent Office's rejection of Hepatitis C Drug Patent Application of Gilead

The petitioner, Gilead, engaged in development, production and marketing, along with the licensing business of high quality pharmaceutical preparations including drugs for the treatment of HIV/AIDS, liver diseases, cancer and inflammation, serious respiratory and cardiovascular conditions filed a writ petition against the decision of the Patent Office (herein referred as respondent no. 2) rejecting the application directed towards pharmaceutical compounds useful in the treatment of Hepatitis C virus infection.

The petitioner applied for a patent on December 27, 2005 which claimed priority from an application filed on May 30, 2003. The first examination report (FER) was issued on April 6, 2009. Response to the FER was filed on March 18, 2010. Meanwhile, two entities *viz.* NATCO Pharma Ltd. (NATCO) and Delhi Network of Positive People +IMAK (IMAK) filed applications for pre-grant opposition, under Section 25 of the Patents Act on March 13, 2014 and June 19, 2014, respectively on grounds of *inter alia* lack of novelty, inventive step and patentability under section 3(d) of the Patents Act. A hearing was conducted on July 24, 2014 and the impugned order was passed by the respondent no. 2 on January 13, 2015 rejecting the patent application.

The primary grievances of the petitioner in the writ petition was that in passing the impugned order, respondent no. 2 had taken recourse to the materials and objections placed on record by the applicants of the pre-grant oppositions even though the respondent no. 2 issued notice to the petitioner under Section 14 of the Patent Act i.e. proceedings before the Controller where adverse report is served by the Examiner. The petitioner contended that it became aware for the first time that, a pre-grant opposition had been filed upon receiving a letter dated June 17, 2014, from the attorneys of IMAK. Further, no notice has been served to the petitioner by the respondent no. 2 in the pre-grant opposition filed by NATCO and IMAK.

The respondent no. 2 not only challenged the maintainability of the writ petition but also emphasized the fact that the exercise carried out by respondent no. 2 under sections 14 and 15 of the Patents Act was different from the exercise carried out while hearing applications filed under section 25 of the said Act. It further averred that the materials and objections filed under section 25 of the Act had not been relied upon while passing the impugned order.

The court observed that though, the documents filed by the opponents were supplied to the petitioner, no notice was issued to the petitioner. Therefore, when hearing under section 14 was finally granted to the petitioner on July 24, 2014, there was no clarity as to the extent and scope of objections, which it was required to meet while pressing ahead with its request for grant of patent. The court further went on to say that the mere availability of material in the patent office's records represents a possibility of influencing its final order. Further, the court held that combining the pre-grant and section 14 proceedings and by giving the petitioner an opportunity to be heard on both counts, the patent office would have saved time and effort. The court also observed that the writ petition was maintainable even though the remedy of appeal was available to the petitioner as there was a breach of the principles of natural justice. The court remanded the matter for a fresh decision of the respondent no. 2 and for fixing a fresh date of hearing for both sections 14 and 25 proceedings.