

A CHANGING IP ENVIRONMENT IN INDIA

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India is a member of the World Trade Organisation's ("WTO") and a signatory to the Trade Related Aspects of Intellectual Property Rights (TRIPs) Agreement. In the last few years India has been in the process of modifying its Intellectual Property laws to ensure adequate protection to Intellectual Property owners. Both the legislature and the judiciary are active in enacting and enforcing Intellectual Property rights.

Patents

Pursuant to TRIPs, India has amended its patent law on three occasions. The Patents Amendment Act, 2005 (the "Act") and the Patent Rules, 2005, have incorporated several changes to India's patent law to fulfill India's obligations to the WTO to allow product patents etc. Some of the key changes introduced by the act are as follows:

Introduction of 'product patent'

The Act introduced product patents for inventions relating to food, drug and chemicals by replacing the process patent regime existed under the old Patents Act.

Restriction on 'new use' diluted

The Act provides that the mere discovery of a new form of a known substance which does not result in enhancement of the known efficacy of the substance cannot be patented. It must involve one or more inventive steps resulting in a new product or one new reactant to fit the criteria of patentability.

Software patenting

The Act does not provide for patenting of a computer programme which is algorithm *per se*, and a mathematical method or a business method.

Exclusive Marketing Rights

The Act repealed the provisions concerning “Exclusive Marketing Rights” and “Mail Box” applications because product patent regime has been introduced. However, there are transitional provisions in this regard.

Pre-grant and post-grant opposition

The Act provides for both pre-grant and post grant oppositions. Further, it specifies a time period for both, i.e., one year in case of post-grant opposition and 6 months in the case of pre-grant opposition from the date of publication.

Compulsory license

Prior to the Act, compulsory licensing was confined to the territory of India. However, the Act provides for compulsory licensing for export of pharmaceutical products to countries that do not have the requisite manufacturing facilities. For this, the recipient countries also should provide for compulsory license or should issue a notification to that effect.

Infringement of patents

The new Act provides that an applicant will be in the same position as a patentee whose patent has been granted, during the period when the application has been published and before it is granted. The applicant will enjoy the same rights and privileges as the patentee whose patent has already been granted. However, infringement proceedings can be initiated only after the grant of patent.

Request for Examination

Under the Act, when an application is published, a request for examination must be filed under within 36 months from the date of priority of the application or from the date of filing of the application, whichever is earlier as specified under the Patent Rules 2005. In the case of WTO/Mail Box Applications, the deadline to file the request for examination is 36 months from the date of application or date of priority or 12 months from January 01, 2005.

Publication of Applications

Upon expiry of 18 months from the date of application or the date of priority whichever is earlier, all patent applications will be published as per the provisions

of the Act and the rules framed thereunder. The Act provides for expediting publications upon request.

Assignment

Under the old Act, it was mandatory to register with the patents office, all transactions concerning a patent such as assignments, mortgages, licenses, share in patent, or creation of any interest in patent, within 6 months from the date of execution of the document concerning such transaction. The Act only requires that such transactions must be in writing, and has done away with the registration requirements.

Approval for Foreign Filing

The Act requires an Indian resident to obtain a written permission from the Controller of patent before filing a patent application outside India unless a corresponding application is filed in India, 6 weeks prior to the date of filing the foreign application.

To conclude, the Act clarified various ambiguities that existed under the earlier patent law and simplified some of the procedural requirements.

In case of patent infringement, an infringement suit can be filed. A court may grant an injunction; award damages; direct an account of profits to be produced; or order seizure, forfeiture or destruction of the infringing goods, materials and implements used to create the infringing goods.

Trademarks

India's has enacted its new Trade Marks Act, 1999 (the "TM Act") and the Trade Marks Rules, 2002, with effect from September 15, 2003 to ensure adequate protection to domestic and international brand owners, in compliance with TRIPS Agreement. Pursuant to the TM Act, service marks can be registered, and a trademark includes shape of goods, their packaging and colour combination. Further, the TM Act gives protection to well-known trademarks and also provides for registration of convention applications for which the priority deadline is six months. The term of a trademark has been increased to ten (10) years, renewable upon expiration.

As a measure to protect international proprietors, the Act has defined a “well-known mark” in relation to any goods or services to mean a mark well-known to a substantial segment of the public using such goods or receiving such services. Further, the TM Act has increased the grounds on which trademark infringement can be claimed, such as likelihood of confusion, likelihood of dilution or disparagement of a registered trademark, comparative advertising, and spoken use. The term “use” has been expanded for the purpose of ascertaining infringement. If a trademark is not registered in India, a foreign trademark owner can initiate a passing off action against the potential infringer.

The TM Act provides statutory protection to well-known trademarks, which were earlier protected under the common law.

The TM Act defines a well-known trademark as follows:

Well-known trademark, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first mentioned goods or services" (Section 2 (1) (zg) of the TM Act)

Further, the aforesaid definition should be read in conjunction with Sections 11(6) to 11(10) of the TM Act which specifies the relevant factors to be considered by the Registrar of Trademarks (the "Registrar"), while determining whether a particular mark is a well-known mark.

Relevant factors to be considered

While determining whether a trademark is a well-known trademark or not, the Registrar should consider any fact which he considers as relevant, including the following:

- (i) The knowledge or recognition of the alleged well-known mark in the relevant section of the public including knowledge obtained as a result of promotion of the trademark;
- (ii) The duration, extent and geographical area of any use for that trademark;

- (iii) The duration, extent and geographical area for any promotion of the trademark including advertising or publicity and presentation at fairs or exhibition;
- (iv) The duration and geographical area of any registration of or any publication for registration of that trademark to the extent that they reflect the use or recognition of the trademark; and
- (v) The record of successful enforcement and the extent to which any court or Registrar has recognized the trademark as a well-known trademark.
(Section 11 (6) of the TM Act)

Please note that the foregoing criteria are not exhaustive and that they are indicative and illustrative guidelines to assist the Registrar in determining the cases. The decision will depend upon the facts and circumstances of each case.

Based on the foregoing, it will be the responsibility of a mark's proprietor to prove that it is a well-known mark. One way to prove this would be by demonstrating the degree of knowledge or recognition of the mark in the relevant section of the public using evidence of consumer surveys, opinion polls etc. Also, awareness of a trademark in India can be proved by promotion of the mark by advertising in print, electronic media including Internet, exhibitions, seminars etc.

In a recent case where a foreign proprietor who was subsequent in filing a trademark application initiated action against an Indian proprietor who is trademark application was pending registration for the same mark, the Supreme Court of India observed that the mere fact that the foreign proprietor has not been using its trademark in India would be irrelevant if they were first in the world market. While deciding the case, the court also observed that the intention of the foreign proprietor to use the trademark in India will be a decisive factor in such situations. (Milmet Oftho Industries and Others v. Allergan Inc. MANU/SC/0512/2004)

In a suit alleging trademark infringement or passing off, a court may grant an injunction; award damages; direct an account of profits to be produced; or issue an order requiring delivery of the infringing labels and marks for destruction or erasure. Additionally, in respect of an infringement or passing off action, a court can grant an *ex parte* injunction along with an interim order for discovery of documents, preservation of infringing goods or other evidence. Furthermore, the

court can restrain the defendant from disposing of or dealing with assets in a manner which may adversely affect the plaintiff's ability to recover damages or avail any other pecuniary remedies that may be finally awarded to the plaintiff in the suit.

The TM Act has brought in criminal remedies over and above the civil remedies that were previously available. It has also given more powers to the courts. As a result, applying false trademarks or trade descriptions and selling goods or providing services with such descriptions is a cognisable offence under the TM Act. Any police officer, not below the rank of a Deputy Superintendent of Police or his equivalent, can search and seize the articles bearing infringing trademarks, labels, etc, without warrant. Further, the TM Act has enhanced the punishment for these offences for a term of not less than six months up to a maximum of three years. Moreover, a fine between Rs.50,000 (US\$1,087) and Rs.200,000 (US\$4,348) can be levied.

In India, if a trade mark owner does not use a trade mark in respect of the goods or services for which the mark has been registered, he may lose his rights over the trademark. This is even more significant due to the introduction of service marks registration. The TM Act provides for removal of a registered trademark for continuous non-use for a period of five (5) years and one (1) month in respect of the goods or services for which it was registered.

As a result of incorporating new grounds of infringement, in recent case, the High Court of Delhi restrained Colgate Palmolive India Ltd ("Colgate") from broadcasting an advertisement which disparaged a similar product of Dabur India Limited ("Dabur"). While deciding the case, the court held that an advertisement contrary to honest practices in industrial or commercial matters, and also against the reputation of the registered trade mark of the plaintiff amounted to infringement of the plaintiff's registered trademark under the provisions of the TM Act. The court also held that even an indirect reference to another proprietor's trade mark in a disparaging advertisement would constitute infringement of trade mark.

Domain names

As a result of the internet's popularity, Indian courts have dealt with a large number of domain name disputes in the last few years and the Courts have consistently applied the law relating to passing off to domain name disputes.

In a recent case, the Supreme Court of India held that domain names are subject to the legal norms applicable to other intellectual properties such as trade marks. While restraining a subsequent proprietor from using another proprietor's registered domain name, the Supreme Court considered various definitions under the TM Act and held that a domain name can be said to be a word or name which is capable of distinguishing the subject of trade or service made available to potential users of the internet. The facts of the case were that Satyam Infoway Ltd, a leading information technology services company and one of India's largest internet services providers is the registered proprietor of several domain names like www.sify.net, www.sifymall.com, www.sifyrealestate.com etc since June 1999. It claimed that the word 'Sify' was a coined word invented by using the elements of its corporate name, Satyam Infoway. However, another company, Sifynet, which started internet marketing business under the domain names, www.siffynet.net and www.siffynet.com from 5th June 2001 was restrained from using the domain names. (*Satyam Infoway Ltd. v. Sifynet Solutions Pvt. Ltd.*, 2004 53 SCL 26 (SC))

Copyrights

In India, copyright exists only in the form or expression of the work and not in the idea. The term of a copyright is the lifetime of the author plus sixty years from the calendar year following the year of the author's death.

India is a signatory to both the Berne Convention and Universal Copyright Convention. Therefore, in the event of a copyright infringement of a work which is not copyrighted in India, the authors of the member states of the aforesaid conventions will get protection on a reciprocal basis in India.

A copyright holder is entitled to the remedies of injunction, damages and account of profits against an infringer. A sub-inspector of police, who is convinced of the infringement or possible infringement of the copyright, can seize all copies of the work and materials used to make the infringing copies, without warrant, and produce them before a magistrate.

If a person knowingly and for gain or in the course of trade or business infringes or abets in the infringement of the copyright in any work or other right conferred by Indian copyright law, he is liable to be imprisoned for a term between six months to three years and to pay a fine between Rs.50,000 (US\$ 1,037) to Rs.200,000 (US\$4,150). Where an offender uses an infringing copy of a computer program on a computer, he is liable to be punished with imprisonment from seven days to a maximum of three years and a fine between Rs.50,000 (US\$1,037) and

Rs.200,000 (US\$4,150). If the offender in the above cases proves that the infringement was not for gain or in the course of trade or business, the court may not impose imprisonment but can impose a fine up to Rs.50,000 (US\$ 1,037).

If a person knowingly makes or possesses plates to make infringing copies, or publishes a sound recording or video film is published without the required particulars, he can be fined and imprisoned for a period up to two years.

Most multinational companies actively pursue the foregoing criminal options. Software piracy in India has reduced from a high of 90% to 60%. Likewise, music piracy has also been reduced.

It is a settled position of law in India that a copyright comes into existence together with the work and that the registration of a copyright is only a prima facie evidence of acceptance of a copyright.

Although the Indian courts are not known to award very high damages, the Delhi High Court recently awarded damages of about Rs. 2 million (US\$ 46500) to Microsoft Corporation ("Microsoft") in a software piracy case, which is one of the highest damages awarded in such cases. In addition to awarding the damages, the court permanently enjoined Mr. Yogesh Popat and others (the "Defendants") from carrying out any infringement/passing off activities of Microsoft's products, copyrights or trade marks. The court also passed an order against the Defendants to delivery up all the pirated copies of Microsoft's software including the equipment used in copying the software and all other infringing materials in the Defendant's possession.

Further, while awarding the damages, the court observed that it would be futile to direct the Defendants to render accounts because the Defendants were carrying on the business surreptitiously. This is a new trend in the Indian judiciary as opposed to the usual practice of issuing directions to render accounts which is generally ineffective as the infringers do not maintain proper accounts etc. This case is a unique landmark in India's software piracy cases, not just because of the very high damages awarded but for the fact that the court decided the case within a very short time and based on the evidence adduced by way of affidavits, especially when litigation proceedings are generally long drawn in India.

Although, India does not have specialized IP courts, Indian civil courts are pro-IP rights owners and have handed down landmark rulings in trade mark and patent

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cases. Further, India constituted an Intellectual Property Appellate Board (the “Board”) in Chennai (Madras), India, effective September 15, 2003, which decides the registration related matters of intellectual property rights.