

KEY IP DEVELOPMENTS IN 2011



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Recognising the power of ideas, expression and innovation and their role towards national development, the Indian legislature and judiciary have worked towards creating, executing and implementing effective intellectual property (IP) legislation. In 2011, IP professionals witnessed some key developments.

Legislation

The Patent (Amendment) Rules, 2011 (pending) and Trademarks (Amendment) Rules, 2011 (pending), suggest making e-filings of patent applications and trademark applications mandatory.

The Copyright Amendment Bill (pending) seeks to amend the Copyright Act 1957. It is very comprehensive and has far-reaching implications.

It will add a proviso to Clause 2(m) of the act concerning “infringing copy”: “Provided that a copy of a work published in any country outside India with the permission of the author of the work and imported from that country into India shall not be deemed to be an infringing copy.”

The amendment indicates that India proposes to move from national to international exhaustion. The proposed amendment may dilute the right of commercial exploitation through territorial distribution and division, and instead of protecting domestic markets and industries from parallel imports from jurisdictions such as the US and the EU, the amendment may bring more challenges.

The independent rights of lyricists, composers and singers as authors of literary and musical works in films may change. Under the existing act, the right to receive royalty payments vests with music firms and producers. The new bill also proposes to treat the producer and the principal director as the joint owners of the copyright. Under the present law, only the producer enjoys such rights.

Government proposals

The government of India aims to create better IP protection with the latest technology and infrastructure. It invited the public and experts to discuss the organisational structure of the Office of the Controller General of Patents, Designs, Trademarks and Geographical Indications, as well as the possibility of outsourcing some prior art searching to a third party such as the Council of Scientific and Industrial Research. The public and experts have also been invited to discuss utility models and whether utility model protection, such as in Japan and Germany, is needed to encourage innovation that does not qualify for patent protection.

Other government initiatives include:

- Public trademark searching is already free, but now the entire trademark database, including entire file wrappers of trademarks, is available online;
- A register of well-known trademarks is maintained separately;
- The registration of geographical indications (GIs) is becoming more efficient and smooth. As of January 4, 2011, 146 out of 230 GI applications were granted;
- India has passed the Trade Marks (Amendment) Bill 2010, which implements the Madrid Protocol in the country.

Significant litigation

The Delhi High Court set guidelines for the role of customs in patent infringement complaints. In one of its most significant judgments the court set guidelines for customs and clarified the extent of its role in suspending the import of goods on patent infringement grounds in India.

INDIA

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Through Intl Advocare, LG Electronics India filed a suit against a customs order that suspended LG GSM mobile phone consignments. Customs acted on a complaint that was filed by the owner of a patent for “a process of manufacturing engraved design articles on metals or non-metals”.

Customs issued ‘show cause’ notice to various companies, including LG. The mobile phone manufacturer told customs to await the outcome of a cancellation petition that it had filed, with the competent authority, challenging the patent’s validity. However, customs proceeded to examine the issue of infringement without awaiting the adjudication on patent’s validity. This led to a large number of shipments being held up at Mumbai Port.

The court stayed the patent owner’s complaint and gave a *prima facie* finding that, as per law, the issue of invalidity should be decided prior to an infringement issue. Therefore, customs should await a finding on validity before acting on infringement. In patent infringement cases, customs is merely an “implementing” authority and not an “adjudicating” authority.

Honest subsequent adoption and use was protected in *Pernod Ricard India Pvt Ltd (PRIPL) v United Spirits Ltd (USL)*. PRIPL, an Indian subsidiary of Pernod Ricard Groupe, adopted the trademark Master Blend internationally in 1995 for whisky and began using it in India in 2005. PRIPL undertook a trademark search in India prior to adopting the trademark and no conflicting trademark or use was found. Its trademark application also proceeded for registration.

In 2010, USL objected to PRIPL’s use of Master Blend on the basis of its expired registration for Band Master Blend, dated April 7, 1988. USL stopped using Band Master Blend in 1994, but on seeing the success of Master Blend, it dishonestly imitated PRIPL’s Master Blend label. In an action initiated by PRIPL, the Bombay High Court

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ordered USL to stop using the Band Master Blend label as it was an imitation of PRIPL's Master Blend label. The court rejected USL's plea of prior adoption and use, and observed that PRIPL's trademark for Master Blend is honest and *bona fide*.

USL also filed an application to restore and renew its expired trademark registration. The Registrar of Trademarks allowed USL's application, rejecting PRIPL's objection on the ground that statutory notice (Form O-3), which must be issued under section 25(3) of the Trademark Act, was not given to the registered proprietor, USL. An appeal was filed by PRIPL through Intl Advocare at the Intellectual Property Appellate Board (IPAB), which stayed the order of the registrar and held that section 25(3) and 25(4) of the Trademarks Act must be read harmoniously. Section 25(4) deals with restoration of a removed trademark and prescribes a one-year timeframe (from the date of expiration of the registration) to file an application for restoration. USL's registration expired on April 7, 2009, and the restoration application was filed on April 26, 2010. USL's application was *prima facie* held as time-barred. The matter is pending for final hearing.

Whether two bodies can proceed simultaneously and decide revocation of the same patent, was determined in *Dr Alloys Wobben v Yogesh Mehra & Ors*. The Division Bench of the Delhi High Court delivered a judgment against Dr Wobben and his company Enercon GMBH in his action against Indian licensee Enercon India Limited (EIL). The issue raised by Dr Wobben was whether EIL was permitted to continue its revocation proceeding against Dr Wobben's patents at

the IPAB when it had also elected to prosecute counterclaims for revocation of the same patents in the infringement suit that was filed by Dr Wobben at the Delhi High Court. Dr Wobben filed an application seeking a stay of the IPAB proceeding until the court could decide the infringement suit.

Rejecting Dr Wobben's pleas, the Delhi High Court held that the remedies of the IPAB and the court are consistent with each other and can proceed simultaneously.

The first-ever petition for a compulsory licence for a patented drug has been filed by Natco for Nexavar, a drug that treats kidney cancer, which is patented by Bayer in India. Natco filed the petition for the following reasons:

- After three years of its patent being granted, Bayer has not taken adequate steps to manufacture the drug in India and make full use of the invention; and
- Cancer patients who need the product Nexaver to prolong their life or improve their health are not getting the drug because it is prohibitively priced at Rs280,482 per month (approximately US\$5610 per month).

Passing-off actions can be maintained by a proprietor exporting goods and not selling them in India. This was established when the Division Bench of the Bombay High Court granted relief to all exporters that do not sell their goods in India. The court interpreted

Section 56 of the Trademarks Act and held that merely because goods are only exported does not mean that a trademark owner is unlikely to suffer substantial damage to its goodwill in India. A trademark is exposed by unauthorised users to various people within India, including manufacturers of labels, cartons and containers, as well as transporters, authorities, workers, employees, proprietors and a variety of other people.

Mamta Jha is a practising lawyer with more than 12 years of experience handling contentious litigation involving complex IP issues. Aside from writing about issues such border measures in India, she has also written study material for the Designs Act 2000 online IP rights course on behalf of the Federation of Indian Chambers of Commerce and Industry. Jha is also a member of the International Trademark Association, the International Association for the Protection of IP, the Bar Council of India and the Delhi High Court Bar Association.

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