

Intellectual Property & Antitrust

Contributing editor
Peter J Levitas



2018

GETTING THE
DEAL THROUGH

GETTING THE
DEAL THROUGH 

Intellectual Property & Antitrust 2018

Contributing editor

Peter J Levitas

Arnold & Porter Kaye Scholer LLP

Publisher
Gideon Robertson
gideon.roberton@lbresearch.com

Subscriptions
Sophie Pallier
subscriptions@gettingthedealthrough.com

Senior business development managers
Alan Lee
alan.lee@gettingthedealthrough.com

Adam Sargent
adam.sargent@gettingthedealthrough.com

Dan White
dan.white@gettingthedealthrough.com



Published by
Law Business Research Ltd
87 Lancaster Road
London, W11 1QQ, UK
Tel: +44 20 3708 4199
Fax: +44 20 7229 6910

© Law Business Research Ltd 2017
No photocopying without a CLA licence.
First published 2007
Twelfth edition
ISSN 1753-0628

The information provided in this publication is general and may not apply in a specific situation. Legal advice should always be sought before taking any legal action based on the information provided. This information is not intended to create, nor does receipt of it constitute, a lawyer-client relationship. The publishers and authors accept no responsibility for any acts or omissions contained herein. The information provided was verified between October and November 2017. Be advised that this is a developing area.

Printed and distributed by
Encompass Print Solutions
Tel: 0844 2480 112



CONTENTS

Global overview	5	Korea	49
Peter J Levitas and Matthew A Tabas Arnold & Porter Kaye Scholer LLP		Wonil Kim, Kwang-Wook Lee and Chang Woo Lee Yoon & Yang LLC	
China	7	Mexico	55
Kathryn Edghill and Serena Du Bird & Bird		Israel Pérez Correa and Hugo H Zapata Pérez Correa & Asociados	
Ecuador	14	Poland	61
Maria Rosa Fabara, Daniel Castelo, Esteban Dávila and Pablo Fabara Fabara & Compañía Abogados		Robert Małecki and Jan Karol Wiegner Małecki Pluta Dorywalski i Wspólnicy Spk	
France	19	South Africa	67
Emmanuel Schulte Bersay & Associés		Shakti Wood and Derek Lötter Bowmans	
India	27	Switzerland	74
Hemant Singh Inttl Advocare		Daniel Emch and Nicolas Mosimann Kellerhals Carrard	
Italy	35	United Kingdom	81
Veronica Pinotti and Martino Sforza White & Case		Joanna Boag-Thomson, Joanne McDowall, Zeno Frediani and Joseph Fitzgibbon Shepherd and Wedderburn LLP	
Japan	43	United States	87
Yusuke Nakano and Atsushi Yamada Anderson Mōri & Tomotsune		Stephen J McIntyre and Kenneth R O'Rourke O'Melveny & Myers LLP	

India

Hemant Singh

Inttl Advocare

Intellectual property

1 Intellectual property (IP) law

Under what statutes, regulations or case law are intellectual property rights granted? Are there restrictions on how IP rights may be enforced, licensed or otherwise transferred? Do the rights exceed the minimum required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

Intellectual property rights are granted and regulated under the following statutes and rules framed thereunder:

- the Patents Act 1970 and the Patents Rules 2003;
- the Copyright Act 1957 and the Copyright Rules 2013;
- the Trade Marks Act 1999 and the Trade Marks Rules 2002, amended in 2017, which came into effect on 6 March 2017;
- the Designs Act 2000 and the Design Rules 2001, amended in 2014;
- the Geographical Indications of Goods (Registration and Protection) Act 1999 and the Geographical Indications of Goods (Registration and Protection) Rules 2002;
- the Semiconductor Integrated Circuits Layout-Design Act 2000 and the Semiconductor Integrated Circuits Layout-Design Rules 2001;
- the Protection of Plant Varieties and Farmers' Rights Act 2001 and the Protection of Plant Varieties and Farmers' Rights Rules 2003, amended in 2009;
- the Biological Diversity Act 2002 and the Biological Diversity Rules 2004; and
- the Intellectual Property Rights (Imported Goods) Enforcement Rules 2007.

While there is no overarching restriction on the transfer, licensing and enforcement of IP rights, the same is subject to the requirements mentioned in the relevant statutes. Thus, some statutes may call for formal requirements, such as assignments or licences being necessarily made in writing (copyright, patents), while others may allow for compulsory licensing or revocation of the IP rights, in case of non-use (patent and trademark). The common law rights in respect of unregistered trademarks and designs are protected under the tort of passing off and unfair competition.

India is not only TRIPs-compliant (ie, it conforms to the minimum standards therein), but in certain cases, such as copyright, patents and industrial designs, it also exceeds the minimum terms of protection.

The protection of confidential information and trade secrets has been effected by the courts through common law principles of equity and unjust enrichment as well as contract law. However, there is no statute that specifically addresses regulation or enforcement of the same.

2 Responsible authorities

Which authorities are responsible for granting, administering or enforcing IP rights?

The granting of IP rights is governed and administered by statutory bodies established under the statutes and rules mentioned in question 1. They are the Patents Office, the Designs Office and the Trade Marks Registry.

These offices function under the authority of the Controller General of Patents, Designs and Trade Marks and are subordinate to the Department of Industrial Policy and Promotion, which functions under the Ministry of Commerce and Industry.

There are other bodies, such as the following:

- the Copyright Office (under the Department of Industrial Policy and Promotion);
- the Geographical Indications Registry (the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry);
- the Protection of Plant Varieties and Farmers' Rights Authority and the Registrar of Plant Varieties (under Government of India, Ministry of Agriculture and Farmers Welfare, Department of Agriculture and Co-operation);
- the Semiconductor Integrated Circuits Layout-Design Registry (under the Department of Electronics and Information Technology, Ministry of Communications and Information Technology); and
- the National Biodiversity Authority (at national level), State Diversity Boards (at state level) and Biodiversity Management Committees (at local level) (under the Ministry of Environment, Forests and Climate Change).

Appeals against decisions of the Patents Office, the Trade Marks Registry and the Geographical Indications Registry lie before the Intellectual Property Appellate Board (IPAB). Orders passed by the IPAB can be further challenged by way of writs before High Courts and ultimately before the Supreme Court of India.

Previously appeals against decisions of the Copyright Office used to lie before the Copyright Board. However, the Finance Act 2017 makes a provision for merger of the Copyright Board with the IPAB. Therefore, appeals from the Copyright Office will now lie before the IPAB. Orders of the IPAB can be challenged before the High Courts.

Appeals against decisions of the Protection of Plant Varieties and Farmers' Rights Authority and the Registrar of Plant Varieties lie before the Plant Varieties Protection Appellate Tribunal (PVPAT). Orders of the PVPAT can be challenged before High Court.

Appeals against decisions of the Semiconductor Integrated Circuits Layout-Design Registry lie before the Appellate Board, which is to be constituted under the Semiconductor Integrated Circuits Layout-Design Act 2000. However, as the Appellate Board is yet to be constituted, its functions are being performed by the IPAB.

Appeals against decisions of the National Biodiversity Authority and State Diversity Boards lie before the High Courts.

IP rights can be enforced by way of civil or criminal proceedings before civil or criminal courts of competent jurisdiction.

3 Proceedings to enforce IP rights

What types of legal or administrative proceedings are available for enforcing IP rights? To the extent your jurisdiction has both legal and administrative enforcement options for IP rights, briefly describe their interrelationship, if any?

Copyright, trademark and GI, plant variety and semiconductor integrated circuits layout design rights can be enforced by way of both

civil and criminal proceedings. Patent and design rights can only be enforced by way of civil proceedings.

The remedies available to a rights holder do not change with the amount in dispute, but care must be taken that the suit is instituted in the forum with the appropriate pecuniary as well as territorial jurisdiction.

After the enactment of the Commercial Court, Commercial Division and Commercial Appellate Division of High Courts Act 2015, specialised courts have been formulated to adjudicate commercial disputes of specified value and matters connected therewith. Commercial disputes under this Act have been defined under section 2(1)(c)(xvii), which includes Intellectual Property Rights. Further, under section 2(i), the term 'specified value' has been explained to clarify the pecuniary jurisdiction of such commercial court:

'Specified Value', in relation to a commercial dispute, shall mean the value of the subject-matter in respect of a suit as determined in accordance with section 12 which shall not be less than one crore [10 million] rupees or such higher value, as may be notified by the Central Government.

The IPAB is the only specialised IP tribunal for determining appeals in patent, trademark and now copyright cases. For all other types of IP, appeals against a decision of the pertinent authority are heard by courts of general jurisdiction. Additionally, enforcement through administrative proceedings in India is also governed by the Customs Act 1962 and Intellectual Property Rights (Imported Goods) Enforcement Rules 2007.

With regard to trademarks, section 124 of the Trade Marks Act makes it clear that proceedings in any suit are liable to be stayed if there are any pending rectification proceedings before the IPAB, provided rectification proceedings are instituted before the filing of the suit or when the plea of invalidity is held to be prima facie tenable under section 124(1)(ii) to enable the party urging invalidity to approach the IPAB. This position was clarified by the Delhi High Court in its Full Bench Judgment in *Data Infosys Ltd and Ors v Infosys Technologies Ltd* FAO (OS) 403/2012. The same is sub judice before the Supreme Court.

Similarly, in respect of patent law, the Supreme Court in *Alloys Wobben v Yogesh Mehra* AIR [2014] SC 2210 has laid down that a party can choose to challenge the validity of a patent either by filing a counterclaim in infringement proceedings before the Court or by filing for revocation before the IPAB. It cannot choose both options as this would go against the principle of res judicata and may lead to duplicity or conflicting decisions.

4 Remedies

What remedies are available to a party whose IP rights have been infringed? Do these remedies vary depending on whether one utilises judicial or administrative review or enforcement?

IP rights holders may avail themselves of the following civil remedies at the conclusion of a suit:

- a permanent injunction restraining infringement;
- costs and damages;
- the rendition of accounts; and
- the destruction or erasure of infringing goods or materials.

The penal liabilities include imprisonment and fines.

5 Nexus between competition and IP rights

Do any statutes, regulations or case law in your jurisdiction address the interplay between competition law and IP law?

Several statutes address the interplay between IP rights and competition law. Prima facie, the Competition Act excludes from within its ambit, 'the right of any person to restrain any infringement of, or to impose reasonable conditions, as may be necessary for protecting any of his rights' under IP law. However, this is not a blanket entitlement.

Therefore, in cases where the use or non-use of IP rights hampers honest trade or commercial practices, or is adverse to public interest, the private interest in upholding IP rights can be superseded by the authorities to enable access to such intellectual property. For

example, the Patents Act (under section 84 read with section 89) and the Copyright Act (under section 31, 31A and 31B) both allow for compulsory licensing, if an owner of such rights refuses to exercise the same commercially, in furtherance of public interest. Similarly, the Trade Marks Act allows use of registered trademarks, if the same is in accordance with honest commercial practices and is not detrimental to or does not take unfair advantage of the distinctive character or repute of the registered trademark (under section 30(1) of the Trade Marks Act 1999).

The compulsory licensing regime under the Patents Act is fairly elaborate. Under section 84 of the Act, in deciding on a grant of compulsory licence, the Controller must consider factors such as the following:

- abuse of the monopoly granted by a patent holder;
- restriction of trade and transfer of technology; and
- making available the invention at affordable prices to the public.

Under section 84, a compulsory licence can be granted after expiry of three years of grant of patent on the following grounds:

- reasonable requirements of the public are not met (such as prejudice to trade or industry, non-fulfilment of demand for the patented article, etc);
- non-affordability of the patent; and
- non-working of the patent within the territory of India.

Section 90(1)(ix) further states that in the case that a compulsory licence is granted to remedy a practice held to be anticompetitive by judicial or administrative process, the licensee shall be permitted to export the licensed product if need be.

The Patents Act also prevents restrictive conditions being imposed on licensees or assignees of patents. Section 140 of the Act prevents the owner of the patent from entering into an agreement by which the purchaser or the licensee is prohibited from acquiring any other article from any other person or from carrying out any other process except the patented process or to use any other particle other than the patented article or to challenge the validity of the patent. A parallel provision exists in respect of designs in the form of section 42 of the Designs Act. These provisions attempt to prevent any abuse of the dominance that a patent holder or a proprietor of a registered design inherently acquires by virtue of the monopoly he or she holds related to a patent or a design registration.

In *Bayer Corporation v Union of India* AIR [2014] Bom 178, the Bombay High Court upheld the grant of a compulsory licence to Natco Pharmaceuticals, an Indian generic pharmaceutical company, in respect of Bayer's sorafenib tosylate patented drug for the treatment of kidney and liver cancer. The Court concurred with the findings of the Controller and the IPAB that the demand for the drug was not being met by Bayer to an adequate extent and also the price of the drug was not reasonably affordable. The Supreme Court dismissed the SLP filed by Bayer against the Bombay High Court's order.

The Competition Act has provisions that empower the Competition Commission of India (CCI) to penalise IP rights holder who abuse their dominant position under section 4 of the Competition Act 2002. The Courts have recognised the jurisdictional competency of CCI in assessing and deciding the cases for abuse of dominance (*Telefonaktiebolaget LM Ericsson v CCI and Anr*, 2016 (66) PTC 58 (Del)) (note that the said judgment has been challenged before the Division Bench of Delhi High Court).

Finally, several other court decisions have also attempted to harmonise the latent conflict between other IP and competition laws. It has been consistently held that exercise of IP rights cannot be allowed to create a dominant position in the relevant market, whether in the context of copyright (*FICCI-Multiplex v United Producers/Distributors Forum (UPDF)*, case No. 1/2009) or trademark (*Hawkins Cookers v Murugan Enterprises* [2012] (50) PTC 389).

However, the contours of the overlap and interplay between competition law and IP remain undefined. The fundamental questions such as jurisdiction or basis of royalties are yet to be finally determined by the courts.

6 Patent cooperation treaties and other agreements

Does your jurisdiction participate in any patent cooperation treaties or other similar agreements?

India is signatory to several multilateral treaties, which enable trans-jurisdictional harmonisation of IP rights and their grant or enforcement. These are as follows:

- the Patent Cooperation Treaty;
- the Berne Convention for the Protection of Literary and Artistic Works;
- the Paris Convention for the Protection of Industrial Property;
- the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations;
- the Washington Treaty on Intellectual Property in Respect of Integrated Circuits;
- the Madrid Agreement Concerning the International Registration of Marks;
- the Convention on Biological Diversity;
- the Universal Copyright Convention;
- the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Procedure;
- the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity;
- the Agreement for the Establishment of the Global Crop Diversity Trust;
- the International Plant Protection Convention; and
- the International Treaty on Plant Genetic Resources for Food and Agriculture.

7 Remedies for deceptive practices

With respect to trademarks, do competition or consumer protection laws provide remedies for deceptive practices?

A 'deceptive practice' is a form of unfair trade practice as defined in the Consumer Protection Act 1986. Remedies for unfair trade practices are provided under the Act and include costs and compensation, discontinuation of such deceptive practices, etc.

The Competition Act 2002 does not specifically deal with remedies for deceptive practices.

8 Technological protection measures and digital rights management

With respect to copyright protection, is WIPO protection of technological protection measures and digital rights management enforced in your jurisdiction? Do statutes, regulations or case law limit the ability of manufacturers to incorporate TPM or DRM protection, limiting the platforms on which content can be played? Has TPM or DRM protection been challenged under the competition laws?

The Indian Copyright Amendment Act 2012 has made inroads into the recognition of DRM in India. India is not mandated by TRIPs to enact anti-circumvention laws. It is the WIPO Copyright Treaty (WCT), which India has not ratified, that obligates signatories. Nevertheless, the Indian statute is reflective of a growing threat of piracy as well as aligning the Indian stance with that of developed nations.

Section 2(xa) of the Copyright Amendment 2012 defines rights management information as title or information identifying the work or the performance or the author or the performer as well as the terms of usage. Further, section 65A criminalises circumvention of TPMs, whereas section 65B makes the alteration of rights management information an offence. These provisions are largely reflective of the WCT and the WIPO Performances and Phonograms Treaty. However, what is interesting is that India has chosen a more balanced approach to fair use, by providing exceptions for certain activities such as encryption research, lawful investigation, security testing, protection of privacy and measures necessary in the interest of national security, which have been explicitly stated in the proviso to article 65A.

The first case in India to deal with DRM is *Sony v Harmeeet Singh* CS (OS) No. 1725/2012, wherein the Delhi High Court ordered preliminary injunctions against the defendants for creating illegal copies of Sony PlayStations, circumventing the TPMs therein. However, no

jurisprudence has developed until now that addresses the possible anti-competitive effects of DRM and TPMs.

9 Industry standards

What consideration has been given in statutes, regulations or case law to the impact of the adoption of proprietary technologies in industry standards?

While largely nascent, the impact of adoption of standard technologies has been considered by the CCI as well as the High Courts in India, with seemingly contradictory opinions. The CCI, in *Ericsson v Micromax*, case No. 50/2013, and *Ericsson v Intex*, case No. 76/2013, has stated that percentage pricing is discriminatory and excessive and is an abuse of the dominant position of the standard essential patent (SEP) holder. On the other hand, the Delhi High Court, in *Ericsson v Intex* [2015] (62) PTC 90 (Del), has, by way of interim measure, fixed royalties based on the price of the downstream device. However, the Court has not yet explicitly delved into the question of whether such pricing is abusive or not.

Competition

10 Competition legislation

What statutes set out competition law?

The Competition Act 2002 as amended by the Competition (Amendment) Act 2007 regulates competition law in India. In addition, the CCI has also promulgated several sets of rules, which supplement the functioning of the Commission.

11 IP rights in competition legislation

Do the competition laws make specific mention of any IP rights?

Section 3(5) (i) of the Competition Act states that a prohibition on anti-competitive agreements shall not restrict the right of any person to restrain the infringement of or to impose reasonable restrictions necessary for the protection of his or her IP rights.

12 Review and investigation of competitive effects from exercise of IP rights

Which authorities may review or investigate the competitive effect of conduct related to exercise of IP rights?

The CCI established under the Competition Act exclusively reviews and investigates the competitive effects of all conduct related to trade, and therefore matters related to IP rights are no exception. An appeal from a decision passed by the CCI lies before the Competition Appellate Tribunal (COMPAT) and finally to the Supreme Court. However, in exercise of the powers conferred by Section 156 of the Finance Act 2017, the central government notified 26 May 2017 as the date on which Part XIV, Chapter VI of the Act came in force. According to this, on and after 26 May 2017, any appeal, application or proceedings pending before the COMPAT shall be transferred to the National Company Law Appellate Tribunal (NCLAT) (constituted under section 410 of the Companies Act 2013).

The CCI dealt with the issue of its jurisdiction to entertain cases involving an abuse of IP rights, in *HT Media Ltd v Super Cassettes Industries*, case No. 40/2011. The informant had challenged excessive royalties charged by the opposite party, alleging the same to be anti-competitive. Super Cassettes challenged the authority of the CCI to hear the matter on the ground that an application for compulsory licence, filed by HT Media, was already being considered by the Copyright Board, which would, inter alia, determine the reasonability of the royalty rates set by the opposite party. The CCI, in its order dated 1 October 2014, ruled that it had jurisdiction to hear the complaint filed by HT Media because the nature of the proceedings for abuse of dominant position under competition law is different from the compulsory licensing challenges being heard by the Copyright Board. The CCI further explained that HT Media's complaint not only concerned unreasonable licence fees being demanded by T-Series but also involved an evaluation of abuse of dominant position by the opposite party and, therefore, only the competition authority would have the jurisdiction to investigate these claims.

In *Bull Machines v JCB India*, case No. 105/2013, the CCI ordered an investigation against JCB for allegedly filing bad faith litigation against the informant on the basis of design and copyright registrations, leading to denial of market access and entry. The CCI noted that predation through abuse of judicial process presented an increasing threat to competition, particularly because of its low antitrust visibility.

In *CCI v JCB India Ltd* (2014 SCC Online Del 6739), it was held that since investigation by the Director General (DG) forms part of the regulatory jurisdiction exercised by the CCI, any order hampering the investigation process directly affects the statutory functioning of the CCI. Under the circumstances, the right to assail an order staying the investigation cannot be confined only to the informant but the CCI too. Therefore the CCI in such matters also has locus standi to present an appeal against the order of learned single judge staying investigation by the DG.

In *Ericsson v CCI*, WP Nos. 464/2014 and 1006/2014 (2016 SCC Online Del 1951), Ericsson challenged the jurisdiction of the CCI to order investigation into allegations of abuse of dominance with respect to licensing SEPs. Ericsson argued that the Patents Act, being a subsequent special enactment, contained provisions to adequately redress the grievances of any party pertaining to reasonable royalty rates. Further, the Delhi High Court was already seized of the issue in infringement proceedings, thus precluding the CCI from investigating the same. However, the Delhi High Court upheld the jurisdiction of the CCI stating, inter alia, that the remedies under the Patents Act are materially different from those under the Competition Act. The remedies are also not mutually exclusive and, thus, exercising one does not take away the right of a licensee to approach the other forum. The Court took note of contemporaneous EU and US jurisprudence and concurred with the findings therein. However, the decision is currently under appeal before the Appellate Bench.

13 Competition-related remedies for private parties

Can a private party recover for competition-related damages caused by the exercise, licensing or transfer of IP rights?

No specific provisions exist that pertain to damages caused by the exercise, licensing or transfer of IP rights. Section 34 of the Competition Act did confer the power upon the CCI to award compensation to any person who had been harmed by the anticompetitive conduct of an enterprise or party. However, the same was omitted by the Amendment Act 2007.

However, a party may apply to the COMPAT to seek compensation from any enterprise for any loss or damage shown to have been suffered by such person as a result of the said enterprise violating any orders, decisions or directions issued by the Commission under sections 27, 28, 31, 32 and 33 of the Act or violating any condition or restriction subject to which any approval, sanction, direction or exemption in relation to any matter has been accorded under the Act or for delaying the implementation thereof.

Post 26 May 2017, any appeal, application or proceedings pending before the COMPAT shall stand transferred to the NCLAT (constituted under section 410 of the Companies Act 2013). Not only has the NCLAT been given the authority to hear appeals, it has also been given the authority to adjudicate on claims for compensation that may arise from the findings of Commission.

14 Competition guidelines

Have the competition authorities, or any other authority, issued guidelines or other statements regarding the overlap of competition law and IP?

None at present. However, in March 2016, the government of India released a paper for public discussion entitled 'Standard Essential Patents and their availability on FRAND terms' in a bid to develop a suitable policy framework on the subject. The paper discusses various aspects of IP and competition law, including patent pooling, hold-ups, standards, etc. Although comments were closed on 31 March 2016, there is no further development on the same.

Similarly, in May 2016, the Ministry of Agriculture issued 'Licensing and Formats for GM Technology Agreements Guidelines, 2016', which required all patentees of GM technology to offer their technology on FRAND terms. The same were later withdrawn, in the face of stiff criticism, in order to invite views from all stake-holders on the subject.

The CCI has also published a guide titled 'Intellectual Property Rights under the Competition Act 2002' alongside its advocacy programme. However, the CCI also declares that the same should not be presumed as the views of its officials or the Commission.

Thus, while efforts are being made to address the overlaps of competition law and IP, the same have no concrete form as yet.

15 Exemptions from competition law

Are there aspects or uses of IP rights that are specifically exempt from the application of competition law?

As discussed in question 11, as per section 3(5)(i) of the Competition Act, a prohibition on anticompetitive agreements shall not restrict the right of any person to restrain infringement of or to impose reasonable restrictions necessary for the protection of his or her IP rights. Since the provision states that rights of an IP owner are subject to reasonableness, the language of the statute does not envisage a blanket exemption.

In this context, the CCI in *FICCI-Multiplex Association of India v UPDF* has observed that the extent of the non-obstante clause in section 3(5) of the Act is not absolute and it exempts rights holders from the rigours of competition law only to the extent of protecting their rights from infringement.

In *re Shri Shamsher Singh Kataria*, CCI case No. 3/2011, the CCI held that although registration of an IPR is necessary, the same does not automatically entitle a company to seek exemption under section 3(5)(i) of the Act. The important criterion for determining whether the exemption under section 3(5) is available or not is to assess whether the condition imposed by the IPR holder can be termed as 'imposition of reasonable conditions, as may be necessary for the protection of any of his rights'. The Commission was of the view that the concept of protection of an IPR is qualified by the word 'necessary'. So the relevant question is whether, in the absence of the restrictive condition, the IPR holder would be able to protect his IPR.

16 Copyright exhaustion

Does your jurisdiction have a doctrine of, or akin to, 'copyright exhaustion' (EU) or 'first sale' (US)? If so, how does that doctrine interact with competition laws?

Section 14 of the Copyright Act states that copyright in a work does not extend to copies already in circulation and, since a copy once sold is deemed to be a copy already in circulation, the distribution of the same is not infringement. In this way, the statute recognises the first sale doctrine. However, the question of whether such sale is subject to territorial limitation has been controversial.

In *John Wiley v Prabhat Chandra* [2011] (44) PTC 675 (Del), the Delhi High Court clarified that exporting copyrighted works in excess of or in violation of territorial licences is an infringement of the rights of the copyright owner. Further, the same cannot be held to be anticompetitive, as per *Penguin Books Ltd v India Distributors* AIR [1985] Del 29.

17 Import control

To what extent can an IP rights holder prevent 'grey-market' or unauthorised importation or distribution of its products?

The question of whether import of grey-market goods would amount to infringement of trademark is an issue that is pending final consideration by the Supreme Court. The appeal is against an order of the appellate bench of the Delhi High Court in *Kapil Wadhwa v Samsung* [2013] (53) PTC 112, which reversed the finding of the Single Judge that India follows national exhaustion, and held that India follows international exhaustion in the case of the sale of trademarked goods, which implies that a sale of goods anywhere in the world exhausts the rights of the trademark owner.

Under section 107A(b) of the Patents Act, the importation of patented products by any person from a person duly authorised under the law to produce and sell or distribute the product does not amount to an act of infringement.

The Designs Act squarely prohibits the import into India of an article that bears a registered design without the consent of the registered proprietor.

An IP rights holder can initiate a 'customs recordal' in pursuance of the Intellectual Property Rights (Imported Goods) Enforcement Rules

2007, which obligate customs authorities to seize suspected counterfeit goods and report the same to the rights holder for determination of authenticity and consequent proceedings. He or she may also file civil suits seeking injunctions and other orders to the effect of prohibiting such unauthorised importation and distribution of his or her products.

18 Jurisdictional interaction between competition laws and IP rights

Are there authorities with exclusive jurisdiction over IP-related or competition-related matters? For example, are there circumstances in which a competition claim might be transferred to an IP court to satisfy subject-matter jurisdiction? Are there circumstances where the resolution of an IP dispute will be handled by a court of general jurisdiction?

See question 2. The authorities established under various IP-related statutes have exclusive jurisdiction over their respective subject matters.

The CCI and the COMPAT (now the NCLAT) have exclusive jurisdiction over competition law cases. In *Micromax v Ericsson*, the CCI has further clarified that the pendency of a suit before a court does not take away the jurisdiction of the CCI to proceed under the Competition Act, a view that was further upheld by the Delhi High Court (currently under appeal). Thereafter, an appeal from the COMPAT (now the NCLAT) lies before the Supreme Court. As mentioned in question 12, the judgment *Ericsson v CCI*, Delhi HC reaffirmed the jurisdiction of the CCI in matters involving the interface of IP and competition law including high-profile cases of SEPs. The *Ericsson v CCI* judgment has been relied on in other important cases, such as the recent complaint made by Biocon Ltd against Hoffman la Roche (case No. 68/2016) in respect of biosimilar drugs.

High Courts, as courts of general jurisdiction, can handle IP-related disputes in the following instances:

- commercial, civil original, commercial appellate or civil appellate jurisdiction over suits for infringement of IP rights;
- appellate jurisdiction over IP authorities as conferred by statute; and
- writ jurisdiction.

The Supreme Court of India can hear and decide appeals arising from decisions of the High Courts. Thus, courts of general jurisdiction do handle IP law and competition law claims.

Merger review

19 Powers of competition authority

Does the competition authority have the same authority with respect to reviewing mergers involving IP rights as it does with respect to any other merger?

The CCI has the same rights and authority while reviewing a merger involving IP rights as it does with respect to any other merger. Section 62 of the Competition Act makes it clear its provisions are in addition to and not in derogation of other existing laws and therefore the factum of there being IP rights involved does not affect the analysis of the CCI.

20 Analysis of the competitive impact of a merger involving IP rights

Does the competition authority's analysis of the competitive impact of a merger involving IP rights differ from a traditional analysis in which IP rights are not involved? If so, how?

The Competition Act prohibits an acquisition, merger or amalgamation that would cause an appreciable adverse effect on competition within the relevant market in India and renders it void. There is no special consideration given to IP rights in the present case, except perhaps when defining the relevant market.

Nothing in the Act stipulates a different threshold or standard for the analysis of the competitive impact of a merger involving IP rights.

However, in Competition Commission of India (Procedure in regard to the transaction of the business relating to combinations) Regulations 2011, we find special mention of patents and IPR (11.10). It puts an obligation to inform if 'any restriction is created by the existence of patents, know-how and other intellectual property rights in these

markets and any restriction created by licensing such rights (provide details information separately for each combining party); [and] provide details of IPRs that have been developed and registered by the parties to the combinations in the last five years[.] With reference to the relevant market(s), provide details of the IPRs that are held by each of the parties to the combination.'

21 Challenge of a merger

In what circumstances might the competition authority challenge a merger involving the transfer or concentration of IP rights? Does this differ from the circumstances in which the competition authority might challenge a merger in which IP rights were not a focus?

The CCI would challenge an IP-related merger on the same principles as it would challenge any non-IP related merger.

22 Remedies to address the competitive effects of mergers involving IP

What remedies are available to address competitive effects generated by a merger when those effects revolve around the transfer of IP rights?

The remedies available to address competitive effects generated by a merger involving IP rights are no different from other mergers and include the following:

- an order prohibiting the combination; and
- an order modifying the combination to eliminate the adverse effect.

In mergers involving IP, thus far, the CCI has mandated that those brands owned by either parties to a merger, which would cause anti-competitive effects in the relevant market, must be divested, namely, assigned, licensed or transferred such that parties have no direct or indirect interest in the same, thereafter. This was one of the conditions that the CCI imposed in one of its decisions, before approving a merger between Indian pharmaceutical giants Sun Pharmaceuticals and Ranbaxy Laboratories, in its order dated 5 December 2014.

Specific competition law violations

23 Conspiracy

Can the exercise, licensing or transfer of IP rights create price-fixing or conspiracy liability?

Yes. For instance, in *FICCI-Multiplex Association of India v UPDF*, the CCI held that the opposite parties, who controlled 100 per cent of the market for the production and distribution of Hindi Motion Pictures exhibited in multiplexes in India, were acting in concert to fix sale prices, by fixing the revenue share ratio between themselves.

24 Reverse payment patent settlements

How have the competition laws been applied to reverse payment patent settlements in your jurisdiction?

Although there is no specific instance of reverse payment patent settlements (pay-for-delay) in India, such an artificial barrier to competition would likely attract a CCI investigation. While there is no ongoing official investigation, the CCI had conducted a market study in 2009-2010, which studied, inter alia, the issue of reverse payment settlement in the pharmaceutical industry.

25 (Resale) price maintenance

Can the exercise, licensing or transfer of IP rights create liability under (resale) price maintenance statutes or case law?

Section 3(4)(e) along with explanation (e) of section 3 of the Competition Act clearly states that an agreement for resale price maintenance would contravene the Act if it causes an adverse effect on competition in India. In *Jasper Infotech v Kaff Appliances*, case No. 61/2014, and *Fx Enterprise Solutions India Pvt Ltd v Hyundai Motor India Ltd*, case No. 36/2014, the CCI held that agreements or directions to maintain a minimum resale price, and withholding purchase by third parties, if the same is not met,

Update and trends

India is witnessing remarkable developments in the fields of anti-trust and IP. Courts in India are grappling with fundamental questions, such as the extent of jurisdiction of the CCI in investigating claims of abuse arising as a consequence of the exercise of IP rights. The judgments thus far seem indicative of an attempt to harmonise competition law and IP, without subverting either law. It is encouraging to note that courts are paying attention to EU and US jurisprudence and applying the same principles in India. However, certain key issues, such as the basis of determining royalty rates and the appropriate forum to make such determination, remain unaddressed. Hopefully, we will have some clarity on all these questions with subsequent judicial pronouncements that are pending before appellate authorities. On the administrative side, the dissolving of the COMPAT and vesting its functions with the NCLAT is also an interesting development to watch.

is prima facie violation of section 4 notwithstanding that the same is a purported exercise of the IP rights of the proprietors.

Further, in *Fx Enterprise Solutions India Pvt Ltd v Hyundai Motor India Ltd*, case No. 36/2014, the CCI held that Hyundai Motor India Limited (HMIL) entered into arrangement resulting into resale price maintenance and was therefore in violation of the provisions of section 3(4)(e) read with section 3(1) of the Competition Act. HMIL was also directed to pay a penalty of 870 million rupees.

26 Exclusive dealing, tying and leveraging

Can the exercise, licensing or transfer of IP rights create liability under statutes or case law relating to exclusive dealing, tying and leveraging?

Both IP and competition law address the liability of parties in respect of exclusive dealing, tying-in and leveraging.

In the context of patents under section 140 of the Patents Act 1970 and designs under section 42 of the Designs Act 2000, owners or proprietors are prohibited from entering into agreements that restrain the purchaser or the licensee from acquiring or using other products, processes, particles or designs or to challenge the validity of the patent.

The CCI, by virtue of its expansive authority under the statute, can investigate any exclusive tie-ins, leveraging and dealing, for potential anticompetitive effects (combined reading of section 3 and section 19 of the Competition Act). In *Ashish Ahuja v Snapdeal*, case No. 17/2014, the CCI held that the insistence by SanDisk that storage devices sold through online portals should be bought from its authorised distributors and full warranties should only be applicable on the same was not per se anticompetitive as it can only be considered as part of normal business practice and cannot be termed as abuse of dominance. Similarly, in *Mohit Manglani v Flipkart*, case No. 80/2014, it has been noted that exclusive tie-ins do not, by themselves, cause an appreciable adverse effect on the market.

27 Abuse of dominance

Can the exercise, licensing or transfer of IP rights create liability under statutes or case law relating to monopolisation or abuse of dominance?

Section 4 of the Competition Act 2002 does not permit any unreasonable conditions for protection or exploitation of intellectual property rights. Therefore, by necessary implication an act of licensing or transfer of IP rights impeding competition would attract the scrutiny of the CCI. However, it is to be noted that it is not monopoly per se but an abuse of monopoly that would attract the scrutiny of the CCI.

In *HT Media Ltd v Super Cassettes Industries*, the CCI found that the opposite party had abused its dominant position, violating section 4, by imposing conditions on radio operators, such as the mandatory payment of a performance licence fee that bore no relation to the actual quantity of the opposite party's music broadcast by the FM channels.

In *Micromax v Ericsson*, the CCI observed that it could decide on the issue of abuse of dominant position even though the dispute was of a civil or commercial nature. As detailed hereinabove, the decision is currently sub judice before an Appellate Bench of the Delhi High Court.

28 Refusal to deal and essential facilities

Can the exercise, licensing or transfer of IP rights create liability under statutes or case law relating to refusal to deal and refusal to grant access to essential facilities?

The question of refusal to deal has been provided for under the patent and copyright statutes as well as by case law. Both the statutes have provisions for compulsory licensing in the event a rights holder has refused to make his or her work available to the public or is charging such rates for it to be deemed a constructive refusal. In *Entertainment Network v Super Cassettes Industries*, the Supreme Court laid down that charging excessive royalty rates is as good as a refusal and acceding to such an unreasonable demand would create an unconstitutional contract, which for all intents and purposes may amount to refusal to allow communication to the public work recorded in sound recording.

There is no express provision in the Competition Act that takes away the authority of the CCI to evaluate the anticompetitive effects of any action of any enterprise or person. A refusal to license IP exclusively held by a dominant enterprise may be deemed abusive because such a refusal may limit the 'production of goods or provision of services or market', or restrict the 'technical or scientific development relating to goods or services to the prejudice of consumers', or result in the 'denial of market access', all three of which amount to abusive conduct under sections 4(2)(b)(i), 4(2)(b)(ii) and 4(2)(c) of the Competition Act, respectively.

The Act further empowers the CCI to pass 'any other order' it deems fit besides imposing a penalty or awarding compensation in the event an enterprise violates section 4 of the Act. Theoretically, 'any other order' would include an order enforcing a mandatory licence. Also, the CCI may order the division of an enterprise enjoying dominant position, in pursuance of section 28 of the Act, and can order transfer or vesting of property, rights, liabilities or obligations from one enterprise to the other. The aforesaid provisions seem to encompass a situation wherein the CCI may create an interest by way of a licence in favour of a third party under appropriate terms and conditions.

It is also important to note that as per sections 60 and 62, the Competition Act has an overriding effect over all the other laws in effect in India, which would include IP laws.

Recently, the issue of competition law and essential commodities has taken centre stage in India, in the specific context of genetically modified cotton, cotton being an essential commodity. In *Department of Agriculture v Mahyco Monsanto*, case No. 2/2015, and *Nuziveedu Seeds v Monsanto*, case No. 107/2015, the CCI has ordered investigation into alleged abuse of dominance by Monsanto Corporation, which holds patents for several traits of 'BT-Cotton', a strain of cotton genetically modified to be resistant to pests. Monsanto is accused of charging one-sided, arbitrary and onerous royalties from its sub-licensors, as well as coercing discriminatory and restrictive agreements. Monsanto also filed a suit for infringement before the Delhi High Court, wherein it was denied the interim injunction on account of Monsanto's illegal termination of the sub-licence with the defendants. The Court thereby allowed the defendants to use the technology. The matter has been challenged before the Division Bench, Delhi High Court. It is interesting to note that the government has also attempted to control the licensing royalties charged by patentees by passing several pieces of legislation and executive orders, which find their basis in the Essential Commodities Act. Rights holders have moved the court to object to the enactments, further adding to the ambiguity in this regard.

In the matter of *In re Shri Shamsher Kataria*, case No. 03/2011, the DG observed that the refusal to supply diagnostic tools and spare parts by automobile companies and their authorised agents to a third party (independent service providers) amounts to denial of 'access to an essential facility'. The said conduct was found to be contravening section 4(2) of the Act, amounting to imposition of unfair trade conditions and denial of access to the market.

Remedies**29 Remedies for violations of competition law involving IP**

What sanctions or remedies can the competition authorities or courts impose for violations of competition law involving IP?

Section 27 of the Competition Act 2002 states that the CCI can pass the following orders in case any agreement violates sections 3 and 4 of the Act:

- direct that an anticompetitive agreement or association be discontinued;
- impose appropriate penalties;
- direct that the agreements be modified as the CCI deems fit; and
- direct the enterprises concerned to abide by such other orders as the CCI may pass, including costs.

Further, section 28 states that the CCI may also order the division of any dominant enterprise, including transfer and vesting of property, assets and liabilities. This would include any IP as well. In fact, in December 2014, the CCI ordered the divestiture of several trademarked drugs owned by either Sun Pharmaceuticals or Ranbaxy, before approving their merger.

30 Competition law remedies specific to IP

Do special remedies exist under your competition laws that are specific to IP matters?

No.

31 Scrutiny of settlement agreements

How would a settlement agreement terminating an IP infringement dispute be scrutinised from a competition perspective? What are the key factors informing such an analysis?

Thus far, India has not had any specific instances where the CCI has ordered investigation into settlement agreements in cases of IP infringement. It is interesting to note, however, that in two cases before the High Court, the parties had been ordered to mediate their differences in respect of patent infringement suits, without any deliberation on whether such settlement would likely have an anticompetitive effect. It is also not clear whether the CCI can investigate the effects of such a court-ordered settlement. However, it is interesting to note that in *Telefonaktiebolaget LM Ericsson (Publ) v CCI & Anr*, WP (Civil) No. 5604 of 2015, wherein the informant withdrew its complaint before the CCI on the basis of the settlement of disputes with the petitioner, the Delhi High Court noted that notwithstanding such withdrawal, the CCI would be at liberty to consider the factum of settlement and may even take suo motu action if it still feels action against the petitioner is required for abuse of the dominant position.

Economics and application of competition law**32 Economics**

What role has competition economics played in the application of competition law in cases involving IP rights?

Economics has an essential role to play in competition law when determining pricing, distribution, relevant market and market share. IP laws involve the granting of exclusive rights to rights holders to exploit the results of their innovation. IP laws generate market power and lessen competition, while the competition laws engender competition. It is, therefore, necessary to draw a balance between the abuse of market power and the protection of IP rights. The Competition Act exempts reasonable operation of monopoly acquired by rights holders, provided the same does not result in abusive monopolisation of the market and adversely affect competition.

Recent cases and sanctions**33 Recent cases**

Have there been any recent high-profile cases dealing with the intersection of competition law and IP rights?

Both competition authorities as well as the courts have increased their focus on determining issues that arise out of the intersection of competition law and IP rights. The *Ericsson v Intex* case may give some indication on how Indian courts will deal with FRAND royalties. Therein, the courts have, by way of interim arrangement, fixed the royalties as a percentage of the downstream product, which is contrary to the view taken by the CCI on the same issue. A similar view was taken by Delhi in other cases involving standard essential patents, such as *Ericsson v Lava International Ltd* 2016 (67) PTC 596 (Del). The court in *Ericsson v CCI* also supported the view that the CCI is not barred from investigating exercise of IP rights, if the effect of the same is abuse of dominance, and attempted to harmonise the jurisdiction of the CCI and the courts. It will be interesting to note how the issue is finally determined by the Apex Court. Currently, the case is being heard by the Division Bench of the Delhi High Court. Again, in *Kapil Wadhwa v Samsung Electronics*, there is a need for clarity by the Supreme Court on whether Indian law supports national or international exhaustion in trademarks.

The Indian courts are also in the process of adjudicating on a series of cases involving the question of the liability of online marketplaces, such as Flipkart and eBay, for selling or facilitating the sale of counterfeit products online and whether any order or injunctions granted thereto would have anticompetitive effects.

The CCI, on the other hand, has consistently dealt with the competitive effects of the exercise of IP rights. In various cases involving copyrights, such as *HT Media v Super Cassettes Industries*, *FICCI-Multiplex v UPDF*, *Reliance v KFCC*, case No. 25/2010 (the decision was recently upheld by the Supreme Court) and *Ashtavinayak v PVR*, case No. 71/2011, the CCI has held that the rights of distribution or licensing of copyright cannot be exercised so as to impose mandatory licensing or registration requirements on other parties, or result in denial of access

inttladvocare

INTELLECTUAL PROPERTY CONSULTANTS AND ATTORNEYS

Hemant Singh

hemant@inttladvocare.com

Express Trade Tower, 1st Floor
Tower 1, B-36, Sector-132
Noida Expressway, Noida 201303
Delhi
India

Tel: +91 120 247 0200
Fax: +91 120 247 0299
www.inttladvocare.com

to the public or in any manner abuse the dominant position held by an enterprise.

In respect of trademarks, the Delhi High Court in *Hawkins v Murugan* and the CCI in *Kataria v Honda Siel and others*, case No. 3/2011, has laid down that rights of a trademark owner cannot be exercised to enable it to control the secondary or incidental markets.

However, there have been cases where the CCI has upheld the IP rights of an enterprise, notwithstanding its dominance in the relevant market, when it found that the same was not anticompetitive. In *Singhania LLP v Microsoft*, case No. 36/2010, the CCI noted that Microsoft's policy of having different licensing fees for the same product, namely operating software, was based on reasonable factors such as demand and size of distribution channels, and, therefore, not anticompetitive per se. In *Ashish Ahuja v Snapdeal*, the CCI has held that any disclaimer by a trademark owner warning the public about potential counterfeits on online marketplaces is not anticompetitive, but rather in the public interest, and is an interesting perspective on when private rights can complement and aid the public good.

The approval of the merger between Sun Pharmaceuticals and Ranbaxy was subject to divestiture of their trademarked drugs and is an example of the application of competition law provisions to IP-related dominance.

It is encouraging to note that Indian jurisprudence on the aforesaid issues will develop contemporaneously to that in the EU and US. This is largely because of the exponential growth and development India has seen in the field of science and technology as well as the perceptible effects of globalisation.

In *Phase Power Technologies Private Ltd v ABB India Ltd*, case No. 12 of 2016, the CCI held that mere pendency of a patent infringement suit before a civil court will not exclude the jurisdiction of the Commission if the informant is able to make out a prima facie case for contravention of section 3 or section 4 of the Competition Act. The *Monsanto* judgment as referred to in question 28 is another interesting development in the field of competition and IP.

34 Remedies and sanctions

What competition remedies or sanctions have been imposed in the IP context?

In the context of mergers, the divestment of brands or compulsory licensing has been ordered as a precondition to approval. In any event, any order made by the CCI in exercise of its powers under the applicable provisions can be made in an IP-related context, subject matter notwithstanding.

Getting the Deal Through

Acquisition Finance
Advertising & Marketing
Agribusiness
Air Transport
Anti-Corruption Regulation
Anti-Money Laundering
Appeals
Arbitration
Asset Recovery
Automotive
Aviation Finance & Leasing
Aviation Liability
Banking Regulation
Cartel Regulation
Class Actions
Cloud Computing
Commercial Contracts
Competition Compliance
Complex Commercial Litigation
Construction
Copyright
Corporate Governance
Corporate Immigration
Cybersecurity
Data Protection & Privacy
Debt Capital Markets
Dispute Resolution
Distribution & Agency
Domains & Domain Names
Dominance
e-Commerce
Electricity Regulation
Energy Disputes
Enforcement of Foreign Judgments
Environment & Climate Regulation
Equity Derivatives
Executive Compensation & Employee Benefits
Financial Services Litigation
Fintech
Foreign Investment Review
Franchise
Fund Management
Gas Regulation
Government Investigations
Healthcare Enforcement & Litigation
High-Yield Debt
Initial Public Offerings
Insurance & Reinsurance
Insurance Litigation
Intellectual Property & Antitrust
Investment Treaty Arbitration
Islamic Finance & Markets
Labour & Employment
Legal Privilege & Professional Secrecy
Licensing
Life Sciences
Loans & Secured Financing
Mediation
Merger Control
Mergers & Acquisitions
Mining
Oil Regulation
Outsourcing
Patents
Pensions & Retirement Plans
Pharmaceutical Antitrust
Ports & Terminals
Private Antitrust Litigation
Private Banking & Wealth Management
Private Client
Private Equity
Private M&A
Product Liability
Product Recall
Project Finance
Public-Private Partnerships
Public Procurement
Real Estate
Real Estate M&A
Renewable Energy
Restructuring & Insolvency
Right of Publicity
Risk & Compliance Management
Securities Finance
Securities Litigation
Shareholder Activism & Engagement
Ship Finance
Shipbuilding
Shipping
State Aid
Structured Finance & Securitisation
Tax Controversy
Tax on Inbound Investment
Telecoms & Media
Trade & Customs
Trademarks
Transfer Pricing
Vertical Agreements

Also available digitally



Online

www.gettingthedealthrough.com



Intellectual Property
& Antitrust
ISSN 1753-0628



THE QUEEN'S AWARDS
FOR ENTERPRISE:
2012



Official Partner of the Latin American
Corporate Counsel Association



Strategic Research Sponsor of the
ABA Section of International Law