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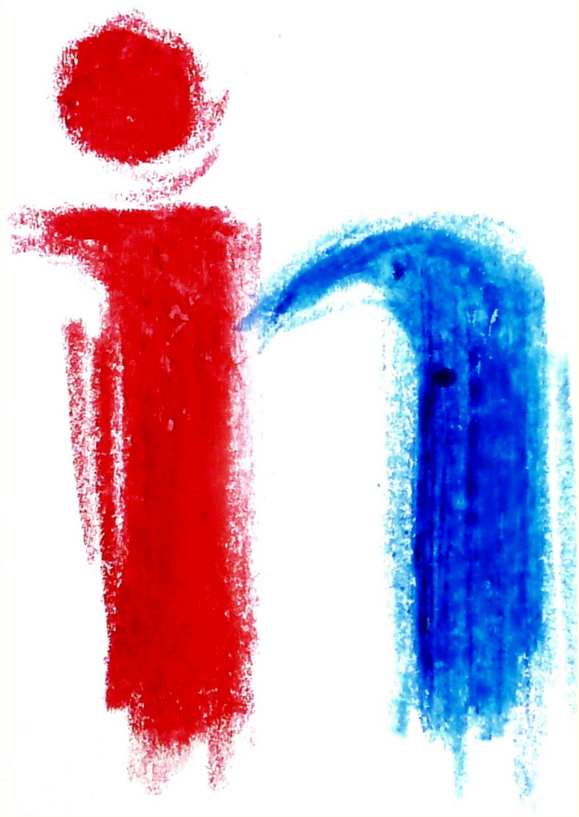

From The Managing Partner's Desk

Dear Friends,

It gives me immense pleasure to bring this newsletter to you wherein, we have made efforts to bring to your kind attention some of the interesting and significant developments in the field of Intellectual Property Laws in India in the recent past.

On the 8th of April 2013, the Indian Minister of Industry deposited the accession instrument of India to the Madrid Protocol. This accession will take effect from the 8th of July 2013. On or after that date, trade mark owners outside India can designate India as part of an international application under the Protocol. There is a discussion on this topic in this newsletter, which I am sure would give an insight on the subject.

Also included in this edition of our newsletter, is a brief note on INTA's intervention in the parallel imports saga concerning one of the most highlighted cases in India, *Samsung Electronics Co. Ltd. & Anr. Vs. Kapil Wadhwa & Ors.* The Asia-Pacific Sub-committee of INTA's Amicus Committee has filed an amicus brief with the Supreme Court of India seeking leave for INTA to intervene in a closely watched case on parallel imports and international trade mark exhaustion. This is the first time the Association has sought to act as amicus in an Indian court.

INTA's brief supports the contention that the principle of exhaustion should apply only nationally with respect to parallel imports unless there is clear proof that the trade mark owner has expressly consented to the sale and import of the goods in a foreign market.

In this newsletter, we also summarize the important legal development and information on IP Laws relevant for your business and information.

For this edition, we tried to assess the developments in IP laws through landmark judicial pronouncements and statutory provisions. We welcome your suggestions and feedback on this newsletter.

For more information and general questions about "IP India Report", you can contact the Inttl Advocare newsletter team at

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Mr. Hemant Singh,
Managing Partner

INDIA BECOMES THE 14TH COUNTRY AMONGST THE G-20 NATIONS TO ACCEDE TO THE MADRID PROTOCOL

The Madrid Protocol entered into force in India on 8th July, 2013 after the Government of India deposited its instrument of accession to the Madrid Agreement Concerning the International Registration of Marks ("the Madrid Protocol") with the Director-General of WIPO on 8th April, 2013.

This development enables all domestic companies and entrepreneurs in India to protect their trade mark portfolio across the world by obtaining a cost-effective global trade mark registration and ensures that brand owners across the world will be able to extend the protection of their brand across the globe through a single application at the national Trade Marks registry through a simplified and cost -effective procedure.

In This Story

- Basic Principles of the International Registration
- The Registration Procedure Under the Madrid Protocol
- Summary and Expectations

Basic Principles of the International Registration

An applicant under the Madrid Protocol must own a trade mark application or registration in its home country (in this case, India) for the identical mark with the same or a wider specification of goods and services. An extension of the specification of goods and services via the Madrid Protocol is not possible. Applications are filed through the Trade Mark Office of the applicant's home application or registration ("office of origin") in one chosen language (English, French or Spanish), without the need to appoint or use an external representative. Refusals, if any, are issued individually by the Trade Mark Offices in each designated country. Additional countries can still be included via "subsequent designation" at a later time. Changes to the WIPO registration, such as limitations of goods and services, changes of ownership, recording of licenses or cancellations are recorded in one single operation. All official fees are payable in Swiss Francs.

The Basic Fee of an application is SFR 653.00 (ca. INR 24,000) and covers an application in up to 3 classes. Any additional class requires payment of a supplementary fee of SFR 73.00 per class (ca. INR 2,650). For every designated member country, the applicant has to pay a complimentary fee of again SFR 73.00. Apart from the original fee system, there is a number of member countries to the Madrid Protocol that have made use of the option to adopt the alternative system of so-called "individual fees". Designating these countries (i.e. Australia, China, the E.U., Japan, the UK, and the U.S.) will result in fees that are usually higher; sometimes considerably higher than the complementary and supplementary fees mentioned above. The individual fees vary depending on the specific countries from around SFR 200 to more than SFR 2,000, including in some countries one class, in others up to three classes.

The Registration Procedure Under the Madrid Protocol

The applicant under the Madrid Protocol must own an application or registration in its "home" country or where it has a commercial establishment (called "Basic Application" or "Basic Registration"), on which it can base the International Registration. After filing the International Application, the Office of Origin determines whether the application corresponds to the details of the Basic Application/Registration.

The Office of Origin then forwards the application to the "International Bureau" in Geneva, Switzerland, which examines the formal requirements (classification of goods and services, payment of fees, entitlement of the applicant to file via the Madrid Protocol), records in the International Register, publishes the application in the International Gazette and notifies the designated countries. The Trade Mark Offices of the designated countries have generally 12 to 18 months to perform the substantive examination, which is done according to their national trademark laws and to issue refusals. If no refusal is issued within this period and if the designated country has not obtained an extension of the examination period, the application is considered as approved in this country.

As with national applications, some member countries have stricter registration requirements, resulting in higher numbers of refusals. Designations of the U.S. encounter the most refusals, but also South Korea, Japan, China and Russia prove to be challenging jurisdictions for trademark owners. It is advisable to prepare designations these countries with greater care and possibly include foreign counsel in the drafting of such applications.

Once registered in a designated country, the Madrid registration has the same effect as a national application or registration in that country. The date of the International Registration is either the date of filing with the Office of Origin (if the International Bureau receives the application within 2 months) or the date when the International Bureau actually receives the application from the Office of Origin (if received after these 2 months).

The International Registration obtains the priority of the Basic Application if it is filed with the Office of Origin within 6 months of the application date of the Basic Application. It is important to note that the WIPO Registration remains dependent on the fate of the Basic application or Registration for a period of 5 years from the time of the WIPO registration. If, and to the extent that, the basic registration ceases to have effect, whether through cancellation following a decision of the Office of Origin or a court, through voluntary cancellation or through non-renewal, within this five-year period, the international registration will no longer be protected.

Summary and Expectations

Indian practitioners will be able to use the Online Search tool offered by WIPO (the "Madrid Express") to review International Registrations when clearing new marks; they can advise on and file International Applications for their domestic clients, and represent foreign applicants when their applications are refused by the Indian Trademark Office. While the Madrid system will most likely result in a decrease of national Indian trademark applications, it can be expected that the designations of India via the Madrid Protocol will make up for this decrease. Because the Madrid system is so convenient and cost efficient for applicants, it is even likely that India will be more often designated by foreign applicants via the Madrid Protocol than it had been via national Indian applications.

INTA FILES AMICUS CURIAE BRIEF IN THE APEX COURT CONCERNING PARALLEL IMPORTS

Pursuant to a landmark judgment passed by a Division Bench of the Hon'ble Delhi High Court in *Samsung Electronics Co. Ltd. v. Kapil Wadhwa & Ors.* wherein the Hon'ble Court had held that Indian trade mark law follows an "international exhaustion" regime, the Asia-Pacific Subcommittee of International Trademark Association's (INTA), Amicus Committee has filed an amicus brief with the Supreme Court of India seeking leave for INTA to intervene. The amicus brief was written by Mr. Hemant Singh, Managing Partner of Inttl Advocare with feedback from the Amicus Committee — Asia-Pacific Subcommittee. INTA's contention is along the lines that the principle of exhaustion should apply only nationally with respect to parallel imports unless the trademark owner expressly consents to the sale and import of the goods in a foreign market.

USE MORE OR LOSE MORE: IPAB SHOWS THE PATH TO BE FOLLOWED FOR DEFENDING A TRADEMARK REGISTRATION

In a recent order passed by the IPAB in ORA/59/2005/TM/DEL and ORA/155/2009/TM/MUM which can be found here, the Board has ruled that unlike Patents or Designs, the law of Trade marks is based upon the rule of use - the more a mark is used and made distinctive, the better are the chances of securing and defending a registration. In the instant case, both the parties have lost the right to their respective registrations owing to their inability to prove prior use. The IPAB, citing *Titan Industries Limited v/s Registrar Of Trade Marks And Anr. [2007 (34) PTC 346 IPAB]* upheld that the well settled proposition of law in Trade Mark law is that the prior user of a trade mark has more valid rights in a mark than the registered proprietor".

News From Around the Globe

China develops its Chinese Trade mark Clearing House for more protection for Chinese trade mark owners. To settle the increasingly severe trade mark squatting and infringement, the Internet Corporation for Assigned Names and Numbers ("ICANN") developed the Trademark Clearing House. Such system protects domain names for Western countries which use English as their first language. However, it fails to provide inquiry services in both traditional and simplified Chinese language at the same time during the verification process and therefore, fails to protect the rights and interests of domain names using Chinese language on the Internet. In response to the Chinese Government's requests, in April, the ICANN agreed to authorize the China Organizational Name Administration Center to build the world's second Trademark Clearing House during its 46th ICANN meeting in Beijing.

SMALL AMOUNT OF USAGE OF SONGS IN A PROGRAMME AMOUNTS TO FAIR USE: DELHI HIGH COURT'S VERDICT IN India TV & Ors v. Yashraj Films Pvt. Ltd.

While upholding *de minimis non curat lex* as a valid defense in copyright infringement cases, a Division Bench of the Delhi High Court by its judgment dated 21.08.2013 ruled that use of a part of a sound recording for a very small time as compared to length of an entire programme will not amount to copyright infringement and such use will in fact qualify as 'fair use'. The verdict comes as a result of an appeal filed by India TV against the order of a Single Judge bench wherein the learned Single Judge had opined that a derivative copyrightable work such as a sound recording cannot be appropriated, even in the minutest part, by any person for whatsoever purpose it may be. The full text of the judgment can be found here.

Publishers - Course packs Lock horns

The ongoing litigation before the Hon'ble Delhi High Court involving copyright infringement claims against photocopiers preparing 'course packs' for students has attracted various eyeballs as its final verdict would affect a major segment of the Indian population i.e. students as well as teachers. The question before the Hon'ble Delhi High Court is whether 'course packs' which are compilations of the relevant chapters and sections on subject topics from different books violate the publisher's exclusive right to publish and make copies of the work.

Section 52(1)(i) of the Copyright Act, 1957 provides for a fair use exception for educational purposes. Publishers contend that circulation of course packs violates their exclusive right of reproduction of the work under Section 14(a)(i) and (ii) of the Act. They further argue that the scope of the term 'course of instruction' as used in Section 52(1)(i)(i) is restricted to classrooms i.e. the fair use exception would cover only such use of a copyrighted work within the class by way of circulating pamphlets etc.

However, such an interpretation of the clause is untenable as nothing in the Act suggests that the intention of the legislature was to restrict the scope of such an important fair use in this manner. On the contrary, the TRIPS Agreement and the Berne Convention provide complete freedom to member countries to frame the limitations and exceptions under their copyright regime which must be kept in mind by the Court while deciding the matter. The clause in fact, has been worded very broadly to cover reproduction for educational purposes including (i) reproduction by a teacher or pupil in the 'course of instruction'; (ii) reproduction as a part of questions for examinations; and (iii) reproduction in answers to examination questions.

FRAND LITIGATION PICKS UP PACE IN INDIA: THE ERICSSON VS MICROMAX SAGA

Origin of the FRAND Concept

Microsoft v. Motorola (April 13, 2013) was the first time any court anywhere selected and published a specific FRAND royalty rate and range for Standard Essential Patents (SEPs).

Its roadmap and analysis will probably influence future FRAND cases in other U.S. and international jurisdictions.

Patent litigation in India is scaling new heights and interesting propositions are coming to the forefront. Recently, telecom major Ericsson secured an injunction order in the High Court of Delhi restraining the Indian Mobile handset manufacturer Micromax from importing handsets employing technology covered by Ericsson's Standard Essential Patents concerning 2G, 3G standards and wireless technology standards like GSM and EDGE. The ongoing litigation is being referred as one of the first FRAND litigations in the country.

FRAND stands for "Fair, Reasonable and Non-discriminatory" terms of an agreement which ensue after an SEP holder decides to license the technology underlying its essential patent to various licensees. While the injunction is still subsisting, the parties are yet to decide the royalty pricing of the technology underlying Ericsson's patents on FRAND terms.

Considering the fact that FRAND litigation is picking up pace in India, the following introductory primer is aimed at understanding the basic concept of the same.

Reasonable and non-discriminatory terms (RAND), also known as fair, reasonable, and non-discriminatory terms (FRAND), are a licensing obligation that is often required by standards setting organizations for members that participate in the standard-setting process. Standard-setting organizations are the industry groups that set common standards for a particular industry in order to ensure compatibility and interoperability of devices manufactured by different companies.

Standard Setting Organisations

As defined in ***Microsoft v. Motorola,*** SSOs are "voluntary membership organizations whose participants engage in the development of industry standards including telecommunication and information technology standards." "They play a significant role in the technology market by allowing companies to agree on common technological standards so that all compliant products will work together."

SSOs in United States

- International Telecommunication Union (ITU): International Telecommunication Union
- Institute of Electrical and Electronics Engineers ("IEEE")
- National Institute of Standards and Technology (NIST)

SSOs in Europe

- European Telecommunications Standards Institute (ETSI)

Standard Essential Patent (SEPs):

As observed in ***Microsoft v. Motorola,*** "***a patent is "essential" if it is necessary to implement either an optional or mandatory provision of a standard***." In para 53 (Order 21) the definition is further elaborated in the following words-

> *"A given patent is "essential" to a standard if use of the standard requires infringement of the patent, even if acceptable alternatives of that patent could have been written into the standard."*

Such patents are, by definition, part of a standard with the holders of those patents having committed to licensing them on fair, reasonable and non-discriminatory (FRAND) terms. "Once a standard is picked, any patents (or copyrights) necessary to comply with that standard become truly essential."

FRAND vis-a-vis Georgia-Pacific factors:

Georgia Pacific Factors: The court's analysis in *Microsoft v. Motorola* employed a modified version of the **Georgia-Pacific factors**, which courts use to calculate "reasonable royalty" damages in patent infringement actions. The Georgia-Pacific case, served for decades as the leading guidance regarding "reasonable royalty" calculations, established 15 factors for consideration when establishing a royalty. These factors are not considered exhaustive or the only approach to determining what constitutes a reasonable royalty in all cases. While the Georgia-Pacific factors represent an earnest effort by the court to provide guidelines for determining a reasonable royalty following a finding of patent infringement in that case, many other factors may also influence licensing royalties in other circumstances.

India and FRAND:

In India, the Competition Act does not talk about (unfair) patent licensing and resulting competition law issues. However, it provides for prevention of abuse of dominant position in Section 4(2)(c) in the broadest form to include any case of abuse of dominant position by any patentee by holding-up, royalty stacking or imposing unfair patent licensing terms.

Competition Act

As per **Section 4(2) (c) of the Competition Act,** it would be an abuse of dominant position if an enterprise or a group "*indulges in practice or practices resulting in denial of market access in any manner*".

Also, as per **Section 19(4)(h) of the Competition Act**, Competition Commission can while inquiring whether an enterprise enjoys a dominant position or not under section 4, have due regard to high capital cost of entry, technical entry barriers and marketing entry barriers.

Patent Act:

As regards licensing, **Indian Patent Act** is silent on compulsory licensing (section 82) on FRAND/RAND terms. **Section 82** only provides for compulsory licensing on three grounds without talking about the nature of the patent (i.e. whether SEPs or not) or what may be the terms and conditions of the licensing (i.e. whether it should be fair, reasonable and non-discriminatory).

However, Section 90(1)(i) of the Patent Act in its broad terms provides that in settling the terms and conditions of a compulsory license under section 84, the Controller shall endeavor to secure—

> *"that the **royalty** and other remuneration, if any, reserved to the patentee or other person beneficially entitled to the patent, is **reasonable**, having regard to **the nature of the invention**, the **expenditure incurred** by the patentee in making the invention or in developing it and obtaining a patent and keeping it in force and other relevant factors"*

It is to be noted that **Section 90(1)(i)** does not use the word "fair, reasonable and non-discriminatory" but only "reasonable". It also mentions two important factors namely (a) nature of the invention and (b) expenditure incurred, which should be taken into account while deciding the royalty rate for compulsory licensing.

Utility/Need for F/RAND:

The problem of patent holding up can be solved by disclosing patents and negotiating prices before choosing a standard. However, uncertainties over the existence, validity and scope of essential patents make it difficult to negotiate a license prior to implementation. RAND is an alternative for many of the SSOs which ask patent-holders to commit to RAND licensing terms.

It is for this reason that standard setting organizations require the holders of standard essential patents to license these patents to any interested third parties on fair reasonable and non-discriminatory ("FRAND") terms. The absence of such licenses would hinder competitors or indeed the entire industry to the detriment of consumers and innovation.

THE COMPULSORY LICENSING SAGA CONTUNUES: BMS'S DASTINIB PATENT ON THE RADAR FOR GRANT OF A CL

After a significant lull following the grant of India's first Compulsory License (CL) for *Sorafenib Toylate* (covered by Bayer's patent), there has been a recent spurt in a number of applications being filed for grant of compulsory licenses. After the DIPP recently refused the grant of a CL u/s 92(A) for Herceptin patented by Roche Bristol-Myers Squibb's (BMS's) Sprycel (Dasatinib) is currently being eyed. Recently, a second CL application was filed at the Indian Patent Office (IPO) by BDR Pharmaceuticals International Pvt. Ltd. against BMS's Dasatinib patent. However, there has been no order as of yet in that regard. The legislative intent behind the grant of a CL under the Patents Act, 2005 is to prevent an abuse of patent right, not working of patent and to address the public health concern in India. However, the effect of this increasing trend on the innovator pharmaceutical companies remains to be seen.

DISCLOSURE UNDER SECTION 8 OF THE PATENTS ACT: WHETHER MANDATORY OR DISCRETIONARY?

Following the verdict of the Delhi High Court in the *Chemtura* and *Roche vs. Cipla*, the judiciary has taken to a stringent interpretation of the wordings of Section 8 under the Indian Patents Act. Section 8 stipulates that a patentee shall keep the controller informed about the foreign filing particulars in respect of a same or substantially same invention under Section 8(1) and states that the patentee shall also furnish details relating to the processing of the application in a country outside India, as required by the Controller under Section 8 (2). The IPAB has in a string of orders in *Fresenius Kabi vs. Glaxo Group Ltd.* and *Ajanta Pharma vs. Allergan Inc.* reaffirmed the judicial intent laid out in *Roche* and *Chemtura* by stating that Section 8 compliance is a must and it is irrelevant to consider whether non-disclosure is non-deliberate or with regard to immaterial particulars. Non compliance will lead to revocation of a patent.

Custom Authorities Appeal in *LG Electronics Ltd. vs. Bharat Bhogilal & Ors*.

In a recent development, the Division Bench of the Hon'ble Delhi Court has stayed an earlier order dated 03.09.2012 passed by a Single Judge Bench of the Hon'ble High Court in *LG Electronics Ltd. vs Bharat Bhogilal & Ors*. The stay order follows from an appeal filed by the Commissioner of Customs against an injunction order against the Custom Authorities restraining them from seizing imported goods on the grounds of a complaint filed by the defendant claiming to have a "valid patent". The Single Judge had also ruled that the Custom Authorities were not empowered to become an adjudicatory body for determining validity of patent or for determining patent infringement.

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