The K&S Story…

K&S Partners completed 10 years on September 21, 2004. We were a start up team of just five lawyers in New Delhi. Today the team consists of over 25 professionals including lawyers, trademark and patent agents, and technologists. The firm has offices in New Delhi and Bangalore.

Along the way we have crossed several milestones – from the Haldi (Turmeric) and Basmati patent revocations in the United States to global representation of Indian geographical indications including Basmati rice, Darjeeling tea, Assam tea, etc. Seminal work in India on the protection of geographical indications authored by two of our team members will be released in January 2005.

Our patent team continues to build its technical capabilities in several emerging areas of biotechnology, genetics, environmental sciences and electronics.

Creative freedom, emphasis on continuing legal education, focus on specialization and learning opportunities motivate and engage our members as we journey forward.

This is also an occasion to thank our clients, associates and well-wishers who have supported us all this while. With enthusiasm, we look forward to continuing and building on our relationships with them.
The Indian Government constituted a Task Force in the year 2003 to formulate a long-term policy on agro-biotechnology, which would be in tune with the existing National Agricultural policy. The Task Force Committee formed was headed by eminent scientist Dr.M.S. Swaminathan and included members from Ministry of Health and Welfare, Department of Food and Commerce and Seed Association besides the industry. This Task Force provided recommendations and submitted a report to the government in May 2004.

The objective of the Task Force Committee was to provide guidelines for the application of agricultural biotechnology for crop production, animal husbandry, fisheries, agro-freshness, agro-processing, etc and its implications on farmers, breeders, food security, health security of the consumer, bio-ethics, environmental protection, etc. The aims of a long-term policy as recommended by the committee are:

- Providing guidelines for research and development in areas relating to recombinant-DNA (r-DNA) technology and genetically modified (GM) systems.
- Incorporating a system to monitor and regulate r-DNA technology and GM systems.
- Encouraging public-private partnerships for facilitating commercialization.

Some recommendations of the committee on various aspects of agricultural biotechnology are listed below.

### R-DNA Technology and Transgenics

- Biotech studies involving bio-pesticides, bio-fertilizers and bio-remediation should be given priority for encouraging organic farming.
- Transgenic studies should be undertaken if other options are absent, especially for developing transgenic crops resistant to insect-pests, pathogens, drought and salinity.
- Case-by-case studies for development of protocols for r-DNA-based vaccines.
- Guidelines for developing and evaluating recombinant edible plant vaccines.
- Clear policy/guidelines on feeding of GM foods to livestock and use of livestock products from animals fed with GM food should be developed and enforced.

### Regulatory Provisions

- Safety assessments for all GM foods prior to market approval should be in accordance with international guidelines set up by the FAO-WHO Codex Commission.
- Transparency, professionalism and shortening of evaluation and environment clearance in the regulatory process for GM products/transgenics.
- Implementing procedures under the Environment Protection Act, 1986 for the manufacture/use/import/export/storage of hazardous micro-organism/GM organisms or cells.
- Bio-safety guidelines for seeking approval should be harmonized with data and protocols pertaining to bio-safety testing from international sources.
- Accredited laboratories should be identified/created/updated for evaluating claims and verifying bio-safety standards for agronomic evaluation;
- Various evaluation reports and approvals should be made transparent and placed on a designated website.

### Protection of Illegal and Unauthorized Accession of Agricultural Products

- Concerted efforts should be made to educate the public about transgenic technology.

### Commercialization of GM Technology

As the development of GM technology is expensive and public innovators who evolve GM products may not have resources for commercialization, the Task Force Committee has recommended encouraging private-public partnerships for research and product development and its marketing. The committee suggests the setting up of a venture capital fund to facilitate commercialization of research breakthroughs. Its findings include the immediate need for retraining and retooling existing personnel to ensure expertise in functional genomics, proteomics, r-DNA technology and nanotechnology for expediting research and development.

### Establishing of National Body

Although the Genetic Engineering Approval Committee (GEAC) already exists under the Ministry of Environment and Forests which oversees the release of GM products, the Task Force Committee feels that rapid growth in research and development in biotechnology warrants the establishment of a statutory and autonomous National Biotechnology Regulatory Authority (NBRA) with a structure similar to the Atomic Energy Regulatory Board (AERB). This should have two wings – one for agricultural and food biotechnology and the other for medical and pharmaceutical biotechnology.

The committee states that such a body is essential for generating the necessary public, political, professional and commercial confidence in the country. The NBRA should be an independent body, chaired by an eminent biotechnologist with expertise in bio-safety assessment. The other part-time members of the committee should comprise experts from agriculture, health and food safety, environment, social and gender audit and IPR and legal affairs.

### Conclusion

The objective is very clear, i.e. to accelerate the pace of biotechnology research and development in the country, enhancing agricultural competitiveness and insulating food security from the adverse affects of natural calamities without compromising on environmental and bio-ethical issues.

This initiative will also help in spreading knowledge and awareness of biotechnology to every citizen of the country – who is the ultimate consumer of the biotech produce.

A full text of the report is available at www.agricoop.nic.in (Official site of Ministry of Agriculture, Government of India).
Section 31. Compulsory license in works withheld from public

(1) If at any time during the term of copyright in any Indian work which has been published or performed in public, a complaint is made to the Copyright Board that the owner of copyright in the work—
   (a) has refused to republish or allow the republication of the work or has refused to allow the performance in public of the work, and by reason of such refusal the work is withheld from public; or
   (b) has refused to allow communication to the public by broadcast, of such work or in the case of a sound recording the work recorded in such sound recording, on terms which the complainant considers reasonable;

   the Copyright Board, after giving to the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may deem necessary, may if it is satisfied that the grounds for such refusal are not reasonable, direct the Registrar of Copyrights to grant to the complainant a license to republish the work, perform the work in public or communicate the work to the public by broadcast, as the case may be, subject to payment to the owner of the copyright of such compensation and subject to such other terms and conditions as the Copyright Board may determine; and thereupon the Registrar of Copyrights shall grant the license to the complainant in accordance with the directions of the Copyright Board on payment of such fee as may be prescribed.

Explanation: In this sub-section, the expression ‘Indian work’ includes

(i) an artistic work, the author of which is a citizen of India; and

(j) a cinematograph film or a sound recording made or manufactured in India.

(2) Where two or more persons have made a complaint under sub-section (1), the license shall be granted to the complainant who in the opinion of the Copyright Board would best serve the interest of the general public.

The Mumbai case: Music Broadcast Pvt Ltd (MBPL) and five others (all of whom own radio stations) applied to the Phonographic Performances Ltd (PPL), a collection society under the Act, for a compulsory license before the Copyright Board (the Board) in respect of sound recordings in its repertoire.

The Delhi case: Entertainment Network (India) Ltd, which owns a radio station applied to the Board for a compulsory license from Super Cassettes Industries Ltd (SCIL), which is not a member of PPL.

The Board granted the license to the applicants in both the cases against which appeals were filed in Mumbai and Delhi respectively.

It may be recalled that the Board had recorded that the scope of Section 31 can be invoked only if the following facts and conditions exist:

- The work is an Indian work;
- The work has been published or performed in public, i.e. it must be an existing work and not a future work yet to be created;
- The owner of copyright has refused to allow communication to public by broadcast of such work or sound recording on terms which the complainant considers reasonable.

A complaint is made to the Board.

Drawing a distinction between Section 31(1) (a) and Section 31(1) (b), the Board had observed that:

- a pre-requisite for invoking Section 31(1) (a) is that by reason of refusal of the copyright owner, the work is withheld from public.
- However, the word ‘withheld’ does not appear in Section 31(1) (b) and the same cannot be read into it and, therefore, for invoking 31 (1) (b) it is not a pre-requisite that the work is withheld from public.

The subject matter of Section 31(1)(a) is ‘publication or performance of the work in public’ which is different from the subject matter of 31(1) (b) i.e., ‘communication to the public of a work or a sound recording by way of broadcast’.

PPL’s interpretation that only one person may be granted a license under Section 31(2) was untenable. The exclusivity contemplated by this sub-section was incapable of being applied to broadcast as a broadcasting license is restricted to a particular broadcasting station and the said station is not allowed to distribute copies of its broadcast to other radio station owners. Hence, if a complaint is made under Section 31(1) (b) of the Act, Section 31(2) is not applicable.

The main issues that arose for consideration in the appeal in the Mumbai case were:

- Whether a complaint for grant of compulsory license under Section 31 of the Act can be submitted in relation to grant of license for broadcasting a sound recording which has not been withheld from public;
- Whether the Board could have made an order for grant of license to more than one complainant in relation to the same city, in view of the provisions of sub-section 2 of Section 31 of the Act;

On behalf of the radio stations, it was argued, inter alia, that:

- Compulsory license is provided to ensure that members of the public are not deprived of the enjoyment of copyrighted work and at the same time the rights of the owner of copyright cannot be put in jeopardy and the scheme of the Act is that a compulsory license is granted only when such work is withheld from the public.
- Section 31 is in two parts, (i) where an Indian work has been published or performed in the public in which case the owner of copyright is not entitled to withhold that work from the public by refusing to publish or granting any other person permission to republish the work or to perform that work in public and (ii) where an Indian work has been once published or performed in public, the owner of the copyright cannot refuse permission to broadcast that work to the public or in the case of a sound recording, to broadcast the work recorded in such sound recording on terms which the complainant considered reasonable.

On the other hand, it was argued by PPL that:

- The object of compulsory license is not to ensure that middle men like the complainants are able to make use of the copyrighted work;
- If exploitation of work in a particular mode has already taken place and license in respect of that exploitation is already granted then a second license is not intended to be granted by way of a compulsory license. In the instant case, since the sound recording in dispute was already broadcast by All India Radio (a government owned radio station) which had a wider reach than the complainants, it cannot be said that the sound recording has been withheld from the public.
- Section 31(1) (a) and (b) are to be harmoniously construed. If Section 31 is construed to mean that withholding from the public is not a condition precedent to the grant of a compulsory license for communicating a work by broadcast, it will be arbitrary and thus unconstitutional. Since broadcast is one of the modes of communication of a work to the public, there is no reason why the mode of broadcasting should be treated differently from other modes of communication.

Taking into account the rival contentions of the parties, the Court observed that:

- Section 31 applied to ‘Indian works’ defined as works, the author of which is a citizen of India or a work which is published in India.
- ‘Publication’ has been defined to mean making available to the public, a copy of a work or communicating the work to the public and ‘communication’ to the public means making any work available so that the work is seen or heard by the public by means of display or diffusion (including by way of broadcast).
- Since the definition of communication is subsumed in the definition of publication, it can be said that Section 31(1) (a) lays down that if the copyright holder has refused to allow communication to the public of a work by broadcast, then clause (b) of sub-section (1) of Section 31 comes into play.
- Hence, had clause (b) of subsection (1) of Section 31 not been separately enacted, then communication to the public by broadcast would also...
have been covered by clause (a) of Section 31(1) which deals with publication of the work, which includes communication to the public by way of broadcast.

- It is, therefore, clear that the intention of the legislature was to take out the field of broadcast from clause (a) of Section 31(1) and to deal with it separately.

- Consequently, if the holder of copyright in a work himself broadcasts it or allows others to broadcast the work, a complaint under Section 31 can still be filed and there is no question of importing the concept of refusal resulting in withholding of the work from the public into the field of broadcast. PPL is, therefore, not right in submitting that because it had granted a license in favour of All India Radio, the work was not withheld from the public.

- With regard to Section 31(2), the Court held that in order to make the scheme under Section 31 workable, Section 31(2) would not apply to cases covered by Section 31(1) (b) and would have to be restricted to cases covered by Section 31(1) (a). This is because, there is no question of the principle choosing one or two persons amongst the complainants who have applied for the compulsory license.

Accordingly, the court upheld the interpretation of the Board on the scope of Section 31. However, on other grounds, the High Court set aside the order of the Board and remanded the matter to the Board for re-determining the license fee.

In the Delhi case, the appellant was SCIL, one of the leading music companies engaged in the production and/or acquisition of rights in sound recordings. In its appeal, it raised the following main arguments:

- That production and acquisition of rights in sound recordings requires investment of millions of dollars and its only source of revenue is from sale of sound recordings in which it owns copyright.

- That launch of respondent’s FM radio channel has resulted in a 30% drop in the sale of music cassettes and CDs since FM broadcasts have high quality sound and play music 24 hours. Consumers either record the songs of interest or have heard them so many times that they no longer wish to hear them.

- That it had already granted licenses to two other prominent broadcasters who had substantial presence in the country. Hence, no order of grant of compulsory license could have been made since the works in question were not being withheld from the public under Section 31.

- Urging the Court to lay down parameters which the Board must adhere to in the case of grant or refusal of a compulsory license, SCIL submitted that where a copyright owner has entered into license agreements with certain broadcasters other than the respondent allowing communication of the work to the public, the respondent is not entitled to a compulsory license under Section 31(1) (b).

Arguments raised by Entertainment Network were:

- That once music is in the public domain, then public at large has a right to listen to the same. It would not be proper to allow some broadcasters to play that music and deny others.

- That SCIL has approximately 18,000 titles in its repertoire – a substantial number, essential for running a radio channel. The refusal to allow broadcast of a sound recording cannot merely be on the ground that it may affect profits.

- That the intention of the legislature is to regulate commercial monopoly and competing interests of the parties;

- That the respondents have complied with the conditions under Section 31 for the grant of a compulsory license since the refusal by SCIL to grant a compulsory license of its published works was on terms the complainant considered unreasonable;

The main issue for consideration was whether under Section 31 of the Act, every complainant has to be granted a compulsory license or can the license be refused on reasonable grounds. After hearing the arguments raised by both the parties, the Court held that:

- When licenses have already been granted to other broadcasters who have substantial presence, then the application for grant of compulsory license will be treated differently than in a situation where the work has been totally withheld from the public.

- Legislature in its wisdom has used the expression ‘may’ in Section 31(1) and accordingly, it is not imperative for the Board to grant license to every complainant.

- Therefore, a compulsory license can be granted or denied on valid grounds. Section 31 envisages that the decision to grant or refuse a license should be made after holding such inquiry as is necessary.

- While granting compulsory license, the Board must take into consideration whether the work has been totally withheld from public or licenses have been granted to other broadcasters and to what extent public interest is served.

- In the instant case, it is abundantly clear that the Board did not take into consideration the vital fact that SCIL had granted licenses to two broadcasting agencies.

- In case compulsory licenses were to be granted to all as argued by the respondents, then there was no need for any inquiry as envisaged in Section 31. Further, the fact that the legislature has used the term ‘may’ and not ‘shall’ in Section 31, is also indicative of the fact that the Board has been given discretion.

- While making an order under Section 31(1), the Board has to maintain a delicate balance between private rights of the copyright owner vis-à-vis public interest. The Board must take the following into consideration while making its decision:
  - the work in question should have been published or performed in public;
  - the owner of copyright/sound recording should have refused to publish or allowed republication or the performance in public of the work by reasons of which the work is withheld from the public;
  - refusal to allow communication by the broadcaster of the work was on such terms which the Board considers reasonable

Both cases have now been appealed to the Supreme Court which will hopefully settle the issues when these matters come up for hearing next. For the present, it may be said that while the interpretation in the Mumbai case was based on the spirit of the section, the Delhi case applied it by the letter.
Indian courts have always been proactive in intellectual property protection. In particular, the courts have taken cognizance of changes in technology and new ways of doing business in the protection of intellectual property.

*Jyoti Sagar*

The Trademarks Act, 1999 has opened new corridors of protection for trademarks. It is now possible to register service marks, shape of goods, their packaging and combination of colours. This promises to be an interesting time for trademark owners.

*Kenneth D. Benjamin*

The advent of private players in the Indian broadcasting industry is redefining the balance of rights between rights holders and music users – the ultimate beneficiary would of course be the viewer or the listener.

*Rajendra Kumar*

We are getting ready for the new product patent regime to take effect from January 1, 2005. The number of patent filings in the pharmaceutical, agro-chemical and food sectors is definitely going to be on the rise.

*Calab Gabriel*
Milmet Oftho Industries & Others vs. Allergen Inc decided by the Supreme Court of India on May 7, 2004.

It is settled law in India that an overseas plaintiff can restrain a local defendant from using its well-known mark on the basis of transborder reputation. The Supreme Court of India settled this legal position in the celebrated Whirlpool case.

In this case, the Supreme Court dealt with similar claims of an overseas proprietor in the field of medicine. The appellant was an Indian pharmaceutical company which claimed to have coined, adopted and used the mark OCUFLOX in respect of medical preparations for treatment of eye and ear ailments. They claimed to have filed a trademark application for the said mark in 1993 which was pending registration at the time of the action. The respondents stated that they were the prior adopters of the said mark in respect of eye care products and claimed to have used it since 1992, whereafter they marketed their product under the mark in Europe and other countries like Australia, South Africa, etc. They also claimed to have worldwide registrations for OCUFLOX as well as a pending application in India.

Relying on the principles laid down in the Whirlpool case and Cadila Health Care Ltd. vs. Cadila Pharmaceuticals Ltd., 2001 PTC 300 (SC), the Court observed that while considering the likelihood of confusion in the field of medicine, it must be kept in mind that today such a field is of an international character. Doctors, medical practitioners, and persons and companies connected with the medical field keep abreast of latest developments in medicine and preparations world-wide by attending medical conferences, symposiums, lectures, etc. Also, goods are widely advertised in newspapers, periodicals, magazines and other media available in India and thus, the mark acquires a world wide reputation.

The Court held that the ultimate test is ‘who is first in the market’ and the mere fact that the respondents have not used the mark in India is irrelevant if they were first in the world market. Further, it observed that if the Indian company has genuinely adopted the mark and developed the product, multinational corporations who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India.

While directing that the injunction granted at first instance be continued, the Supreme Court issued directions for the suit to be expedited and concluded within six months.

Luminous Electronics Limited vs. Su-Kam Communication Systems Ltd.

The latest in a series of cases revolving around comparative advertisements in India, the plaintiff in this case was Luminous Electronics Ltd (Luminous) who manufactures invertors for use during power supply failures. The defendant, Su-Kam Communication Systems Ltd (Su-Kam) also manufactures invertors. The cause of action arose when Su-Kam issued an advertisement in respect of its invertors along with a comparative chart of features with express reference to invertors manufactured by Luminous. Luminous filed an action through K&S Partners before the High Court of Delhi pleading that:

- the said impugned advertisement contained false and misleading statements about Luminous’ products which have the effect of defaming and injuring Luminous’ commercial reputation amounting to trade libel and passing off; and
- use by Su-Kam of Luminous’ registered trade mark took unfair advantage of, was contrary to honest practices in industrial and commercial matters and was detrimental to the distinctive character and/or reputation of the registered trademark LUMINOUS amounting to infringement within the meaning of Section 29 (8) of the Trade Marks Act, 1999.

It is settled position under Indian law that while comparative advertisements are permitted, denigration or derogation of competing goods through advertisements is not. The principles for grant of an injunction in such cases were laid down in Reckitt & Colman of India Limited vs. M.P. Ramchandran & Another, 1999 (19) PTC 741 and have been followed consistently by various High Courts. These principles are:

- that a tradesman is entitled to declare his goods to be best in the world even though the declaration is untrue;
- he can also say that my goods are better than his competitors even though such statement is untrue;
- for the purpose of saying that his goods are the best in the world or his goods are better than his competitors, he can even compare the advantages of his goods over the goods of the others;
- he however, cannot while saying that his goods are better than his competitors, say that his competitors goods are bad. If he says so, he really slanders goods of his competitors, in other words he defames his competitors and their goods which is not permissible;
- if there is no defamation to the goods or to the manufacturer of such goods, no action lies, but if there is such defamation, an action lies and if an action lies for recovery of damages for defamation, then the court is also competent to grant an order of injunction restraining repetition of such defamation.

Based on this, the High Court of Delhi granted an ex-parte order of injunction restraining Su-Kam from printing, publishing, distributing and circulating advertising literature disparaging Luminous’ trademark and trade name LUMINOUS and products sold under it.