



Intellectual Property Attorneys

INDIA IP UPDATE



Quarterly Newsletter from K&S Partners
For private circulation only

Vol. 23, Issue 1
January - March, 2020

COVID-19: We Hope You Are Safe

All of us at K&S Partners are safe and practicing social distancing and working remotely. We hope and pray that you are safe and healthy and not afflicted by COVID-19. Through separate email alerts in March, we had intimated you that the Government of India had ordered a complete lockdown across India for 21 days, starting from March 25, 2020 until April 14, 2020. Under the lockdown order, all offices of the Government of India, the State Governments and their respective autonomous, and subordinate offices would remain closed till April 14, 2020. Pursuant to the lockdown order, the IP Office had issued certain notices during the last week of March 2020 to the following effect:

- All branches of the IP office are closed and the due dates during this period, would move to the day on which the office re-opens;
- Patent hearings scheduled between March 23 and April 14, 2020 are cancelled and would be rescheduled at a later date.
- Trademark hearings scheduled between March 17 and April 15, 2020 are adjourned and would be rescheduled at a later date. All hearings slated post April 15, 2020 remain unchanged.

Hence, unless there is an extension of the lockdown order, the IP Office should open on April 15. For all those matters in respect of which the due dates fell during the lockdown period, filings could be done on April 15, 2020. For any questions pertaining to this, please write to us at postmaster@knspartners.com.

IP News at a glance!

- Relief under special statute prevails over relief under general law: Delhi High Court
- Quia Timet actions: Defendant not currently carrying on business in the jurisdiction is no ground to return plaint, says Delhi High Court
- Change in trademark ownership cannot be effected by changing the proprietor's name: Delhi High Court
- Defendant cannot assert prior use rights if such use is sporadic: Delhi High Court
- No interim injunction in copyright infringement claim without plea of similarity of works: Delhi High Court
- Producer is the copyright owner in musical works in a film unless agreed otherwise: Madras High Court
- Bombay High Court on trademark protection in the age of social media
- High Court directed to club design infringement suit and cancellation petitions by parties against each other's designs

CASE LAW UPDATE

PATENTS

Relief under special statute prevails over relief under general law: Delhi High Court

In *Bristol-Myers Squibb Holdings Ireland Unlimited Company vs. NATCO Pharma Limited*, the Delhi High Court recently held that where a provision for grant of a relief of a particular nature exists in a special statute, such relief cannot be granted under the general statute.



Bristol-Myers Squibb Holdings Ireland Unlimited Company (“BMS”) instituted a suit for patent infringement and sought permanent injunction against NATCO Pharma (“NATCO”) before the Delhi High Court. The suit was based on the claim that NATCO infringed its Indian Patent covering Apixaban (“the ‘381 patent”). NATCO, on the other hand, had filed a suit for declaratory relief before the City Civil Court of Hyderabad against any threat of infringement proceedings by BMS for manufacturing Apixaban. NATCO also prayed for declaration of non-infringement, alleging that Apixaban was covered in the complete specification of an earlier patent of BMS (IN243917) but not claimed therein, and hence open for public use. Subsequently, NATCO sought stay of the infringement suit against it before the Delhi High Court.

Before the Delhi High Court, NATCO argued that a suit for non-declaration of infringement of the same patent filed by it against BMS, under the provisions of the Specific Relief Act, was pending before the Hyderabad Court. NATCO contended that in both

the suits, parties to the dispute were the same, issues were substantially the same and the key components required for the adjudication of issues were also the same. NATCO further argued that if the declaration in the Hyderabad suit is ordered, any action of making and selling Apixaban by NATCO would not be an infringement of BMS’ patent. Further, NATCO argued that since the Hyderabad suit was instituted prior to the suit by BMS, the suit before the Delhi High Court was liable to be stayed until the proceedings in the Hyderabad suit were concluded.

The Court observed that the Patents Act is the sole repository of law relating to patents. It held that the suit for declaration of non-infringement instituted by NATCO against BMS before the Hyderabad Court did not rely on Section 105 or 106 of the Indian Patents Act, 1970, which specifically provide for declaration of non-infringement and relief against groundless threat of infringement proceedings. Instead, NATCO relied upon Section 34 of the Specific Relief Act. The Court observed that NATCO could have filed a suit for declaration under section 105 of the Patents Act, that manufacture and sale by it of APIXABAN did not constitute an infringement of BMS’ patent. However, for doing so, NATCO would also have had to show that it had applied in writing to BMS for a written acknowledgment of the claimed declaration and that BMS had refused or neglected to give such a declaration to NATCO. The Court further observed that NATCO hesitated from doing so because this would have removed any need for BMS to prove infringement. NATCO, accordingly, chose not to rely on section 105 of the Patents Act.

The Court held that when a special provision is made in a special statute for grant of a relief of a particular nature, such relief under the general statute cannot be granted. The Court further held that any rights relating to patents can be claimed only in accordance with the provisions of the specific legislation, i.e., the Patents Act, 1970. Hence the suit filed by NATCO

before the Hyderabad Court was held as not being in accordance with the law and its application for staying the infringement suit filed by BMS against it was rejected. It will be interesting to monitor further developments in this case and we will keep you updated.

TRADEMARKS

Quia Timet actions: Defendant not currently carrying on business in the jurisdiction is no ground to return plaint, says Delhi High Court

Could a statement by the defendant in a *quia timet* action that it does not intend to offer its services in the jurisdiction be enough reason to reject the plaint? The Delhi High Court addressed this issue in *Lyft, Inc. v. Goer Techno Infra Private Limited*. Lyft Inc ('Lyft'), the plaintiff, operates an app-based car rental service globally under the trademark "LYFT". Lyft filed this *quia timet* action against the defendant, Goer Techno Infra Private Limited ('Goer'), who was using the trademark "GO LYFT".



Goer filed an application before the Court seeking return of the plaint on the ground of lack of territorial jurisdiction, arguing that, since it had no intention to offer services in Delhi at present, the court lacks territorial jurisdiction. This is despite Lyft filing documentary evidence to justify the perceived threat of such operations by Goer in Delhi.

The Court pointed out that in a *quia timet* action filed against apprehended infringement of a trademark, the jurisdiction of the Court could be attracted in the case of a strong and credible apprehension that the defendant will soon seek to carry on the infringing

activity within the jurisdiction of the Court. Further, it negated Goer's statement that it had no intention to offer its services in Delhi at present and observed that such statement by itself would not be sufficient to reject a plaint, if the necessary ingredients for attracting the jurisdiction of the Court are pleaded in the plaint. Lyft had justified the same by producing the following documents:

- A newspaper report to the effect that Goer may enter the market in Delhi;
- Goer's response to a user comment vis-à-vis its mobile application on Google Play, stating that although it was currently serving only in the city of Lucknow, it will serve in other cities in the near future; and
- Goer's counter statement in the opposition proceedings before the Trademarks Registry initiated by Lyft, where it had stated that its trademark is being used "throughout the length and breadth of the country".

Change in trademark ownership cannot be effected by changing the proprietor's name: Delhi High Court

S. K. Cosmetics vs. The Controller General of Patents, Designs and Trade Marks and Ors, decided by the Delhi High Court, dealt with the changes made by the Trade Marks Registry (TMR) in the online status of various registered trademarks of S. K. Cosmetics ("SKC"). These changes in the description and the address of the proprietor-were made pursuant to the filing of certain requests in Forms TM-33 and TM-34 of the Trade Marks Rules 2002 by one of the erstwhile partners of SKC. However, the TMR ended up changing the name of the proprietor itself to one of the defendants, thereby causing a change in the ownership of the trademark. These changes confounded the disputes that arose between the partners of SKC.

The Court noted that the recordal of assignments or transmission of registered trademarks is a serious matter, especially if there are disputes pending in

respect of the ownership of the marks. The owner of a registered trademark cannot therefore be changed in a mechanical or a perfunctory manner, simply by filing a Form. The same must be changed after fulfilment of various formalities, explanation on affidavit of the reasons for the assignment/transmission sought (supported by documents), inviting of objections, if any, and affording a hearing, if required.

The Court then observed as under:

- Forms TM 33 and 34 were not meant to change the ownership of the mark, but only to carry out any change in the description, address, etc.;
- Requests for assignment or change in ownership would have to be made in the form of a request on an appropriate Form i.e., Form TM-P (earlier Form TM-23 or TM-24), to which any interested party would be entitled to object;
- The objections on the assignment would then have to be adjudicated by the Registrar, usually, after giving a hearing to the parties, and only then can a change in ownership be effected;
- If there are no disputes in respect of the mark, then the assignment can be recorded without a hearing (e.g., a mark being assigned from one group company to another);
- If the assignment is to a third party, the Registrar must record satisfaction and only then pass orders recording the assignment; and
- If a civil court is seized of the dispute as to ownership of the mark being assigned, the decision of the court must be awaited before recording the assignment.

However, since the Registry had itself restored the *status quo ante* by undoing the changes made in the marks involved, the Court disposed of the petition stating that if any party makes a request to the Registry under Form TM-P, the same would be proceeded with in accordance with the prescriptions listed above.

Defendant cannot assert prior use rights if such use is sporadic: Delhi High Court

In *Peps Industries Private Limited v. Kurlon Limited*, the Delhi High Court held that in a trademark infringement action, a defendant can successfully assert the defense of prior use only if such prior use is continuous, as opposed to sporadic or intermittent one.

The plaintiff, Peps Industries Private Limited (“Peps”), is the registered proprietor of the mark “NO TURN” in relation to mattresses and certain other goods. Peps applied to register the same on a “proposed to be used” basis on January 02, 2008 and commenced its use on January 15, 2008. The defendant, Kurlon Limited (“Kurlon”), on the other hand, claimed that it had been using the mark “NO TURN” in relation to its mattresses, since October 08, 2007. Kurlon contended that, since it started using the identical mark “NO TURN” prior to Peps, its rights were protected under Section 34 of the Trade Marks Act, 1999. Under Section 34, a registered proprietor of a trademark is not entitled to interfere with or restrain the use of an identical/similar trademark, which is used prior to the use of the registered trademark, or to the date of its registration, whichever is earlier.

Kurlon also argued that it was using the expression “NO TURN” only to represent a particular characteristic of its mattresses, i.e., they are not required to be “turned over” after a long period of use (see below).



The Court, however, rejected Kurlon’s defense of prior use, because the invoices as placed on record by Kurlon indicated that, though it had been using the

mark “NO TURN” since 2007, its sales were intermittent and hence the use was neither continuous nor voluminous. The Court also declined to grant an interim injunction to Peps on the ground that its mark “NO TURN” was a descriptive mark, and that it had failed to place any material on record to show that, on the date of application or even on the date of registration its trademark, the same had acquired distinctiveness.

COPYRIGHTS

No interim injunction in copyright infringement claim without plea of similarity of works: Delhi High Court

The plaintiff, Giant Rocket Media & Entertainment Private Limited (“Giant Rocket”), a production house, acquired the rights to exploit a book titled, “*CBI Insider Speaks: Birlas to Sheila Dikshit*” (“the book”). The book was authored by a former Joint Director of Central Bureau of Investigation, India’s premier investigating agency. Chapter 7 in the book titled, “Shuttlecock Investigation: Syed Modi Murder Case” was about a sensational murder case involving a prominent badminton player, Syed Modi. One of the defendants, operating an internet streaming website, unsuccessfully approached both the author and Giant Rocket to acquire rights in the book.

Later, Giant Rocket came to know that the said defendant had already shot a serial based on the Syed Modi Murder Case, which was covered in the chapter referred to above. The defendant was in fact planning the release of the serial titled, “Chargesheet: The Shuttlecock Murder”. Giant Rocket approached the Delhi High Court alleging copyright infringement, among others (*Giant Rocket Media & Entertainment Private Limited. v. Priyanka Ghatak*).

Though the court initially granted an *ex parte* ad interim order restraining the defendants from communicating the film to the public, later, it vacated the same and observed the following:

- Giant Rocket had nowhere pleaded in the plaint any similarity, in the contents of the web serial in terms of script or dialogue or in any other respect, with Chapter 7 of the book. Without such a pleading, no cause of action can be made out on the ground of infringement of copyright;
- Chapter 7 of the Book was based on knowledge of the author as Investigating Officer of what then came to be known as the “Syed Modi Murder Case”. Chapter 7 of the Book was not a piece of fiction and was merely a narrative of the crime and its prosecution, all of which was already in public domain and in which none could claim a copyright;
- At this stage of the suit, it could not be determined whether Chapter 7 of the Book constitutes an “original literary work” or is merely a reproduction of the case files of the crime and its prosecution. If it turns out that it is merely a reproduction, with no innovative thought and creativity, it will not qualify as a copyrighted work;
- Giant Rocket had not produced the case files with which a comparison of Chapter 7 could be made and, hence, it could not be said to have a prima facie case; and
- The Investigating Officer of a crime does not have any copyright in the charge sheet filed and/or investigation done.

Producer is the copyright owner in musical works in a film unless agreed otherwise: Madras High Court

Ilayaraja, the famous Indian film music composer, needs no introduction. *M/s. Indian Record Manufacturing Co. Ltd. v. Agi Music Sdn Bhd*, before the Madras High Court dealt with a dispute over the ownership of the musical works and sound recordings, in which Ilayaraja claimed copyright. These works formed part of certain cinematograph films. The dispute was between the plaintiff, Indian Record Manufacturing Co. Ltd. (“IRM”), a music

label on the one hand, and Ilayaraja (the only contesting defendant), the music composer of these works, on the other hand. While IRM claimed exclusive copyright in these works on the basis of its agreements with the respective film producers, Ilayaraja claimed that despite inclusion in the films, he retained copyright in these works as the author thereof.

Ruling in favour of IRM, the Court held that, since Ilayaraja had composed the music only on being engaged by the respective film producers and not independently, it is the producers of the respective films that own the copyright of the musical works and sound recordings contained in the films. It was noted by the Court that, under the Copyrights Act, 1957, the meaning of the word ‘owner’ and the word ‘author’ are neither interchangeable nor synonyms; that they connote different meaning and different persons. While a music composer is the author of the work, he will not become the owner of the work unless the producer who employs the composer expressly gives up his right of ownership in favour of the composer.

The Court also observed that, had Ilayaraja reserved the copyright over his musical work to himself, or had had different terms of engagement with the producers, he should have produced relevant documents to prove the same. Absent such documents, IRM’s suit was allowed.

Bombay High Court on trademark protection in the age of social media

Abhijeet Bhansali v. Marico Limited is an appeal by vlogger Abhijeet Bhansali (“Bhansali”) to the Division Bench (DB) of the Bombay High Court to vacate an order of the Single Judge that directed him to take down a video posted by him.

The said video was about PARACHUTE branded coconut oil sold by Marico Limited (“Marico”) and it was titled, “*It’s not as good as you think! I’ll prove it!*”. In

the video, Bhansali forcefully, decisively and assertively dismisses PARACHUTE branded coconut oil as impure and not good. To prove his point, he conducts a self-certified “freeze test” in the video. In the test, he, however, compares PARACHUTE coconut oil with what he claimed to be “organic coconut oil”, when in fact it was “virgin coconut oil”. It is to be noted that “coconut oil” and “virgin coconut oil” are different categories of goods – while coconut oil (pale yellow and cloudy) is extracted from dry coconuts, virgin coconut oil (colourless and clear) is extracted from fresh coconuts. The expression, “organic” is used on either of these types of oil when the coconuts used are grown without any chemicals or fertilizers.



In the freeze test, he pours the respective oils into two separate glasses and freezes them in the refrigerator for some time. When he takes it out, he points out that PARACHUTE coconut oil did not freeze well, that it is greyish in colour with impurities, whereas his sample froze perfectly and is snow white in colour. Importantly, beyond the colour of the respective oils in the frozen and liquid forms, Bhansali has not analysed any other parameters of Marico’s product. Also, interestingly, towards the end of his video, Bhansali recommends ‘virgin organic cold pressed coconut oil’ to his viewers as an even higher grade of coconut oil.

Marico argued before the Court that the video was intended to malign the company and its product, that the “freeze test” was the wrong test, that it amounted to disparagement, slander of goods, and malicious falsehood, and that it was entitled to special damages.

Bhansali defended the video and his actions stating, among others, that it was an effort to educate the public, that he is not a competitor of Marico, and that he had the freedom of speech in the absence of fetters under existing laws. Further, he also took a defense that Marico's product label depicted a wet coconut with water splashing out (which is also its registered trademark) and that this tricked consumers into believing that its product was derived from wet coconuts.



The Single Judge held that:

- Bhansali has purposely and knowingly misrepresented that he was comparing Marico's product with 'organic coconut oil', when he was actually comparing it with 'virgin coconut oil';
- Bhansali's defense that Marico's product label indicated that its product was derived from wet coconuts is only an afterthought;
- Bhansali would have known the difference between 'virgin' and 'virgin organic' coconut oils, because at the end of his video, he recommends 'virgin organic cold pressed coconut oil' to his viewers as an even higher grade of coconut oil; hence, Bhansali was deliberately misrepresenting that he was comparing Marico's product with 'organic coconut oil' when he was actually comparing it with 'virgin coconut oil';
- Since social media influencers such as Bhansali have acquired a considerable follower base on social media along with a degree of credibility in their respective space, their statements have a magnified and profound impact on their audience;

- Since power comes responsibility, a social media influencer cannot deliver statements with the same impunity available to an ordinary person;
- Bhansali's statements were reckless and impacted the reputation of Marico's product as could be seen from the comments of Bhansali's followers expressing their decision to stop purchasing the oil after watching the video;
- The video met all the three factors of "*intent, manner and message sought to be conveyed*" as the factors for deciding the question of disparagement. As such, Marico suffered special damages; and
- Accordingly, Bhansali must take down the offending video in its entirety.

Surprisingly, the DB vacated the injunction and permitted Bhansali to post the video subject to some deletions and edits. The DB's reasoning appears faulty as it has made certain incorrect factual assumptions as follows:

- a. Bhansali was comparing virgin coconut oil with ordinary coconut oil sold by Marico. Virgin coconut oil is obviously clearer and whiter than ordinary coconut oil and is a separate category of goods. Hence, it was an unfair and dishonest comparison;
- b. Despite Marico stating that its coconut oil is extracted from dried coconuts, and that this explains the yellowish tint and the strong coconut odour in its oil, the DB accepts as a fact, the assumption made by Bhansali based on Marico's registered trademark that it suggests that the coconut oil is extracted from fresh coconuts. This is a factual error. DB has, therefore, clearly confused Bhansali's defence in the suit as a claim in the video and proceeded to conclude in favour of Bhansali.

In arriving at the decision, the DB clearly missed the fact that Bhansali's business model survives on viewership.

DESIGNS

High Court directed to club design infringement suit and cancellation petitions by parties against each other's designs

In *Maya Appliances Pvt. Ltd vs. Preethi Kitchen Appliances Pvt. Ltd. & Anr.*, the Supreme Court was hearing an appeal filed by Maya Appliances Pvt. Ltd (“MAYA”) against the order of the Madras High Court (“High Court”), that had stayed the proceedings in a design infringement suit filed by Preethi Kitchen Appliances Pvt. Ltd. (“PREETHI”) against MAYA. In 2015, PREETHI was granted a design registration for the base unit of a mixer grinder under the name “Preethi Zodiac”. Subsequently, in 2017, Maya also obtained a design registration for its “Vidiem V Star Series” for the base unit of a mixer grinder. In 2018, PREETHI filed a cancellation petition before the Controller of Designs against MAYA’s design registration. PREETHI also filed a suit (“Suit”) before the High Court seeking an injunction against MAYA for alleged passing-off and infringement of its design registration. A Single Judge of the High Court granted an injunction in favour of PREETHI, which was later set aside by the Division Bench and further confirmed by the Supreme Court when it dismissed a special leave petition from PREETHI.

MAYA too, in 2018, had filed a cancellation petition against PREETHI’s design registration. Later in 2019, PREETHI sought stay of the Suit before the High Court until the disposal of both the cancellation petitions filed before the Controller of Designs. The High Court stayed the Suit and directed the Controller of Designs to dispose of both the cancellation proceedings before it within a period of four weeks. MAYA challenged the said order of the High Court by filing a Civil Appeal before the Supreme Court.

The Supreme Court observed that both the applications for cancellation of each other’s design registrations are pending before the Controller of Designs, whereas the Suit filed by PREETHI is pending before the High Court. Thus, it directed the Controller of Designs, to refer both the cancellation petitions to the High Court. Further, it directed the High Court to hear both the cancellation petitions as well as the Suit pending before it and dispose of the matter within a period of nine months from the date of its order.

Preethi®

This newsletter is intended to provide only information and updates of intellectual property law in India. No part of this newsletter shall be construed as legal advice. Any queries that readers may have on any of the information published herein should be directed to postmaster@knspartners.com or to K&S Partners, Chimes 61, Sector 44, Gurugram, Haryana 122 003, National Capital Region, India

T: +91 124 4708 700 | F: +91 124 4708 760

postmaster@knspartners.com | www.knspartners.com

Offices at: Bangalore | Chennai | Gurgaon | Hyderabad | Mumbai | New Delhi