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Intellectual Property Attorneys

INDIA IP UPDATE

Quarterly Newsletter from K&S Partners
For private circulation only

Vol. XIV, Issue 2
April – August, 2016

IP news at a glance!

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CASE LAW UPDATE

TRADEMARKS

Obstruction in IP enforcement dealt with a heavy hand by the Delhi High Court

Timberland

Enforcement of IP rights is always riddled with challenges in India that litigants are very often exploring routes to avoid litigation and arrive at an out-of-court settlement. In this context, a recent order of the High Court of Delhi has acted as a morale booster for litigants and lawyers alike.

TBL Licensing, a global conglomerate and owner of the well-known trademarks 'TIMBERLAND' and the tree device had initiated an infringement action against two Indian individuals who owned a shop on Tank Road in New Delhi, an area notorious for counterfeit clothing. The defendants were using the deceptively similar marks, 'TIMDARLEND' and 'TIMDERLAND' apart from the TBL Licensing's famous tree device mark. The Court not only granted an *ex-parte* interim injunction, restraining the defendants from using these offending marks but also passed an Anton Piller order and appointed a local commissioner to prepare an inventory and seize infringing goods from the defendants' premises. Additionally, the Delhi Police was directed to provide assistance to the local commissioner and to maintain confidentiality of the order.

While the Anton Piller order was being peacefully executed at the defendants' premises in the presence of four police constables, the General Secretary of the Tank Road Market Association disrupted the proceedings and started interfering with the same. Apprehending a law and order situation, the local commissioner abandoned further execution and left the premises.

Thereafter, TBL Licensing filed an action for contempt under the Contempt of Courts Act against the General Secretary and the Delhi High Court found him guilty of willful disobedience, interfering with and obstructing the administration of the Court's order. The Court was not swayed by the explanation or an unconditional apology tendered by the General Secretary and sentenced him to civil imprisonment for a week. The Court also found the defendants guilty of contempt as they chose to remain as silent spectators and not ask the General Secretary to leave their premises. However, in view of their initial cooperation with the local commissioner, the Court refrained from sentencing the defendants to civil imprisonment and let them off with a fine.

Additionally, though not a party to the proceedings, the Court summoned the Station House Officer (SHO) of the concerned police station, who feigned ignorance of the conduct of his four constables. The Court directed the SHO to submit a report against the erring constables for their inaction against the General Secretary. An enquiry has also been initiated against these constables by the Assistant Commissioner of Police and a report thereof is due for the next date of hearing.

Trade dress passing off: Skechers Vs. Pure Play

Skechers USA Inc. ("Skechers") recently secured an interim[1] injunction from the Delhi High Court against an Indian defendant, Pure Play Sports ("Pure Play"), which claims to be the only Indian sportswear brand that offers both performance footwear and apparel. In the suit, Skechers alleged that Pure Play's line of footwear branded PUREPLAY copied its trade dress and as such, amounted to passing off. In defence, it was argued by Pure Play that the word mark PUREPLAY is completely different from SKECHERS and, therefore, there was no likelihood of confusion.

On comparison of the get up of the respective products, the court rejected Pure Play's argument and held that the adoption of several unique features by Skechers on its shoes gave them a unique trade dress which acts as a source identifier. The court found that Pure Play's shoes were a substantial imitation of the colour combination, texture, style, cut and stitching of Skechers' shoes making the respective products strikingly similar. Noting that the unique selling point of Skechers' shoes was in their catchy colour and texture combinations coupled with their cuts and stitching styles, it was pointed out by the Court that a consumer could overlook the labels and the respective word marks printed inside the shoe sole due to these features. The court, therefore, made the *prima facie* view that Pure Play's shoes were a result of a conscious and substantial imitation of the colour combination, textures, style, cut and stitching of Skechers' shoes and injuncted Pure Play's.

India and Bangladesh: Cross-border anti-counterfeit raids

In a first-of-its kind operation, Minda Mindpro Limited, an Indian company, manufacturing automobile switches and horns, initiated an operation in Bangladesh by filing a complaint against a local wholesale automobile spare parts dealer with the Central Investigation Department (CID), Bangladesh. Minda Mindpro Ltd., who owns the mark UNO MINDA, initiated the said operation to end the free and open availability of counterfeit horns in the local markets of Dhaka. Pursuant to the complaint, a raid was conducted by the Dhaka Police and the CID at the premises of the wholesale dealer and they seized 1000 boxes of counterfeit automobile horns in the said operation. Despite resistance from the local traders' association, the operation was a success in all sense so much so that the traders' association wrote to the CID that its members would henceforth refrain from dealing in counterfeit UNO MINDA.

The raid was organized under the instructions of K&S Partners by the Bangladeshi firm M/s Schema.

Indian TMO will no longer issue physical copies of Registration Certificates

The Indian Controller General of Designs, Patents & Trade Marks and Registrar of GIs has issued a notification on July 28, 2016 intimating that effective August 1, 2016, the process relating to generation and issuance of registration certificates for trade mark applications has been fully automated. The notification clarifies that this will be applicable to all registration certificates:

- which have been published from Trade Marks Journal Number 1720 dated 23.11.2015 onwards in which no request for amendment filed by the applicant is pending for disposal;

[1] https://indiankanoon.org/doc/51514619/?type=print

- where the copy of original application for registration is available in the Trade Marks Registry's electronic database;
- where no other compliance requirement is pending on the part of the applicant; and
- which have not been specifically prohibited for registration by the order of any court, IPAB or any competent authority.

The Registration certificate so generated will be transmitted to the applicant concerned or his authorised agent on record on his email address recorded with the Trade Marks office and shall also be made available on the official website thereof, namely, www.ipindia.nic.in along with status of the application concerned.

SECTOR UPDATE

PATENTS – AGROBIOTECH

Bt-Cotton: Latest update from India

On July 22, 2016, a Division Bench of the Karnataka High Court upheld[2] the Notification[3] issued by the

Indian Central Government on March 8th, 2016 (issued in exercise of the powers conferred by sub-clause (1) of clause 5 of the Cotton Seed Price (Control) Order, 2015[4]) that fixed the Maximum Sale Price (MSP) and trait fees for Bt Cotton seeds, bringing down the trait value to INR 49 (a little less that USD 1), almost 75% reduction. The appeal arose from a decision of a Single Judge in a constitutional writ filed by the Association of Biotech Led Enterprises (ABLE), an association of research-based innovator Indian companies. In its writ, ABLE argued that the trait in question involves complex technology and the fee in relation thereto was, therefore, negotiable between the parties. It was thus asserted that the Government could not fix the MSP and trait fees of Bt Cotton seeds.

The background of this case relates to Monsanto Inc.'s genetically modified (GM) cotton (referred to as 'Bt Cotton') technology that revolutionized cotton farming in India. The cotton plants grown from Bt Cotton seeds are resistant to the Cotton Bollworm, a notorious cotton pest that created havoc in Indian cotton fields. This was the first and only GM crop approved by the Indian Government in 2002 and currently, 80% of the cotton farmers in India use the Bt Cotton seeds.

The technology responsible for the traits in question in Bt Cotton is known as the Bollguard Technology, with two variants, namely, BG-I and BG-II. Though there is no patent on the –BG-I technology in India, Monsanto obtained a patent on BG - II variant in 2009. A number of private Indian seed companies have been breeding and selling these seeds as licensees and sub-licensees of Mahyco Monsanto (Biotech) Limited (MMBL), a 50:50 joint venture between Mahyco and Monsanto Holdings Pvt. Ltd. Such licenses and sub-licenses were entered in consideration of a one-time fee of INR 50,00,000 (approximately USD 83,000) and recurring fees called "Trait Value" which is the estimated value for the "trait" of insect resistance conferred by the Bt gene technology. Until now, the Trait Value formed a significant part of the seed cost calculated on per packet basis.

Past attempts to fix MSP of Bt Cotton seeds

The main cotton growing States in India, such as Gujarat, Andhra Pradesh and Maharashtra enacted State Legislations, which empowered them to fix an MSP on cotton-seeds sold by domestic seed companies. All these legislations and subsequent orders issued by the State Governments were challenged by the National Seed Association of India (NSAI), which represents Indian seed companies. While the Bombay High Court upheld the order of the Government of Maharashtra, Gujarat High Court set aside the order of the

[2]http://judgmenthck.kar.nic.in/judgmentsdsp/bitstream/123456789/124001/1/WA1125-16-22-07-2016.pdf

[3]http://seednet.gov.in/PDFFILES/Maximum%20sale%20price%20for%20Bt.cotton%20seeds%20for%20the%20year%202016-17.pdf

[4] http://seednet.gov.in/PDFFILES/Cotton_Seeds_Price.pdf

Government of Gujarat. Appeals against both orders are pending before the Supreme Court.

Fixing of MSP on Bt Cotton by Central Government

On December 7, 2015, the Central Government issued the Seed Price Control Order for uniform regulation across India of the sale price of cotton seeds with the existing and future GM technologies. On January 27, 2016, a committee was constituted under the Order for recommending the MSP of Bt Cotton seeds. Even while MMBL petitioned the Delhi High Court for a stay of this Order, the Central Government declared the MSP of Bt Cotton seed packets on March 8, 2016, which brought down the trait value to INR 49.

Aggrieved by this Order, the Association of Biotech Led Enterprises Agriculture Group (ABLE-AG), the industry group representing the research and development companies in India, filed a writ petition in the Karnataka High Court for a stay of this Order. In an interim order, the Court stayed the Order and observed that while the Central Government can fix the MSP of Bt Cotton, fixing of trait value is a matter of mutual agreement between different companies. However, the said stay was subsequently vacated and Order was upheld. Though ABLE–AG appealed the same before a Division Bench of the High Court, the Division Bench upheld the Order.

Draft Licensing Guidelines for GM traits in seeds

Further to the Seed Price Control Order, the Central Government, on May 18 2016, also issued Licensing Guidelines[5] proposing a framework of licensing terms to provide an effective system for fixation of MSP of cotton seeds as well as ensuring their availability at fair, reasonable and affordable prices. The key issue that worried the stakeholders was the mandatory requirement imposed on the licensor to award a license for a GM trait to a qualified licensee within 30 days of receipt of the request for license, failing which the licensee will be deemed to have obtained such license under the FRAND terms proposed in the Guidelines. These Guidelines were later taken off and replaced with Draft Guidelines inviting public comments. The final Guidelines are yet to be issued.

Complaint of abuse of dominance by MMBL before the Competition Commission of India

In parallel, MMBL terminated the License Agreement with Indian seed companies in November 2015 and filed a suit against them alleging infringement of their patent on BG-II as well as its trademarks. The suit is currently pending. Meanwhile, the defendants who were licensees and sub licensees of MMBL have filed a complaint before the Competition Commission of India (CCI), alleging abuse of dominance against MMBL. On February 10, 2016, the first order of the CCI observed that the complaint has *prima facie* substance and ordered an investigation. The matter is currently pending.

Since these issues discussed above are multidimensional, it would be interesting to watch the developments therein, which are bound to have an impact on the future of GM trait protection in India and the overall agricultural sector.

PHARMA REGULATORY

Revised guidelines on similar biologics now effective

Central Drugs Standard Control Organization (CDSCO), the Indian regulatory authority that evaluates safety, efficacy and quality of drugs and the Department of Biotechnology (DBT) had taken up the task of revising the 2012 Guidelines on Similar Biologics. Pursuant to their efforts, the revised Guidelines[6] on Similar Biologics, 2016 (hereinafter, "the revised Guidelines") have been notified into effect on August 15, 2016. The revised Guidelines lay down the regulatory requirements for marketing approval for Similar Biologics, which are essentially drugs claiming to be similar to an already authorized Reference Biologic.

In India, Similar Biologics are regulated as per the provisions of the Drugs and Cosmetics Act, 1940, the

[5] http://egazette.nic.in/WriteReadData/2016/169713.pdf

[6] http://dbtbiosafety.nic.in/DBT2016-17/CDSCO-DBT2016.pdf

Drugs and Cosmetics Rules, 1945 and the various Rules prescribed from time to time under the Environment (Protection) Act, 1986. As such, the revised Guidelines are intended to assist as a guide and are meant to be referred to in addition to these laws. The revised Guidelines address the pre-market regulatory requirements including comparability exercise for quality, preclinical and clinical studies and post-market regulatory requirements for Similar Biologics.

The revised Guidelines become more significant as a few pharmaceutical companies are already battling over issues relating to approval and sale of biosimilars in India, the most recent being the case of *Roche Products (India) Private Limited & Ors v Drug Controller General of India & Ors*. In the said suit, Roche had taken an objection to the Drug Controller General of India's (DCGI) approval of the Canmab and Hertraz, biosimilar drugs sold by the defendants, Biocon and Mylan, respectively. Roche alleged that Biocon and Mylan had circumvented the approval process laid down in the 2012 Guidelines for Similar Biologics and had taken undue advantage of the testing and sales material of Roche's drug, Herceptin. The matter was listed before a Single Judge of the Delhi High Court in April 2016 who observed that the 2012 Guidelines prescribed that all phases of clinical trials are required to be conducted by a drug manufacturer and unless a particular phase is expressly exempted in accordance with applicable law, the manufacturer cannot be permitted to abbreviate the procedure of the clinical trials. The Single Judge further rejected Biocon and Mylan's argument that the 2012 Guidelines need not be complied with as these were not statutory in nature. In this regard, the Court noted that the non-compliance of the 2012 Guidelines was contrary to the scheme of the Drugs and Cosmetics Act and Rules as well as the spirit of the 2012 Guidelines. Giving due consideration to the framework recommended by the 2012 Guidelines, the Court, therefore, ruled that Biocon and Mylan had failed to show that their drugs qualified as biosimilar and passed an order restraining Biocon and Mylan from marketing their drugs as "biosimilar" to Roche's Herceptin.

Pursuant to an appeal filed by Mylan, a Division Bench of the Delhi High Court, stayed[7] the aforesaid order in the interim. However, it is encouraging to note that the 2012 Guidelines on Similar Biologics were recognized by the Court as a holistic document that laid great stress on the quality of comparability studies, process parameters and comparability of manufactured product at clinical scale as well as on safety and efficacy of Similar Biologics. While the appeal is still pending, the implications of the revised Guidelines on the biosimilar industry in general and the future developments are to be watched.

COPYRIGHTS

Court rules on Section 65A of Copyright Act: Injuncts circumvention of technological methods

In an interesting decision from the Delhi High Court in a recent case, *Tata Sky Ltd. v. YouTube LLC & Ors.*[8], the plaintiff Tata Sky Ltd. (Tata Sky) alleged contravention of Section 65A of the Indian Copyright Act, 1957. The said section provides that, subject to certain exceptions, circumvention of an effective technological measure, applied for the purpose of protecting any of the rights conferred by the Copyright Act, with the intention of infringing such rights, would be punishable with imprisonment and fine.

In the case at hand, Tata Sky, a direct broadcast satellite television provider in India, filed a suit against YouTube LLC, alleging that the latter was hosting a video that provided the general public with a step-by-step guide to hack Tata Sky's HD Set-Top Boxes to receive High Definition ("HD") content, free of cost. Tata Sky filed the suit with a specific prayer that YouTube be restrained from allowing unauthorized use of the trademark "TATA SKY" and also from posting, screening or providing any audio or video material which seeks to provide or inform any methodology to

[7] http://delhihighcourt.nic.in/dhcqrydisp_o.asp?pn=93307&yr=2016

[8] https://indiankanoon.org/doc/166344020/

hack into the Tata Sky system. YouTube was injuncted by the Court based on Tata Sky's prayers.

Thereafter, YouTube filed an application to vacate the injunction on several grounds, *inter alia,* that being an intermediary, it is exempt from liability in respect of videos uploaded by third parties on its platform under the provisions of the Information Technology (Intermediaries Guidelines) Rules, 2001. Tata Sky, on the other hand, claimed that: (a) the uploaded video on YouTube was illegal and in violation of Section 65A of the Copyright Act; (b) though it had formally complained to YouTube, the latter failed to act promptly as it was not able to categorize the complaint properly; and (c) that the delay caused by YouTube was objectionable. In that context, Tata Sky placed reliance on an order of the Supreme Court of India in *Sabu Mathew George v. Union of India* (2016) in which it was observed that intermediaries "*cannot put anything that violates the laws of this country*".

In response, YouTube claimed that the delay was due to the specific format of its take down policy, which required a complainant to identify the category to which the complaint may relate, such as trademark or copyright violation, after which the complaint is directed to the specific grievance forums relevant to each category. In this case, owing to the nature of the content complained of, namely, a third party video that gave instructions for hacking the set top boxes of Tata Sky, YouTube was unable to categorize the complaint as per its pre-determined format. As such, no action was taken by YouTube. During the hearing, YouTube submitted that the offending URL had since been taken down. Having heard both the parties, the Court held that as Tata Sky's complaint amounted to circumvention of technological measures, YouTube's review team should not have gotten into a bind about correctly 'categorizing' the complaint and should have instead taken a call on whether the nature of the content required taking down. Court noted that, had YouTube focused on the nature of the content, there would not have been any need for Tata Sky to have approached the Court for relief. However, considering that the offending video had already been taken down by YouTube, the Court disposed of the suit.

IP disputes may be referred for arbitration

In an order passed by the Bombay High Court in Eros International Media Ltd. V. Telemax Links India Pvt. Ltd.[9], the Court held that in a dispute arising from agreement concerning intellectual property rights such as copyright and trademarks, the same can be subjected to an arbitration proceeding, if so provided by the agreement. The dispute arose when Eros International Media Ltd. (Eros), a company engaged in the production and distribution of feature films through various media, alleged that Telemax Links India Pvt. Ltd. (Telemax), engaged in the business of content distribution to manufacturers of devices, had infringed upon the former's copyright in its feature films. Eros argued that the dispute could be taken up before the arbitration forum as per the arbitration clause in the agreement existing between the parties. Telemax, on the other hand, argued that the dispute being an intellectual property dispute, was inherently non-arbitrable. The Court, having considered the arguments of both the parties, rejected Telemax's submission and passed an order under Section 8 of the Indian Arbitration and Conciliation Act, 1996, referring the dispute to arbitration pursuant to the arbitration clause in the agreement between the parties. The Court further ruled that, "*where there are matters of commercial disputes and parties have consciously decided to refer these disputes arising from that contract to a private forum, no question arises of those disputes being non-arbitrable.*"

Bombay High Court refuses blanket John Doe orders against websites

John Doe orders have often been resorted to in situations where plaintiffs seek an injunction against an infringing party whose details and whereabouts are

[9] https://indiankanoon.org/doc/148880955/

unknown or where there are no means of finding out the identity of a potential infringer. Therefore, these actions are often in the nature of *quia timet* actions where the plaintiffs base their suit on apprehension of a violation of their rights by unknown parties. While John Doe orders have played a powerful role in ensuring enforcement of IP rights in India, over the years they have also become a means of intimidation and harassment in the hands of the plaintiffs. However, in a series of cases brought recently before the Bombay High Court, sweeping John Doe orders were refused by the Court setting a new trend in the jurisprudence of John Doe orders.

In the case of Eros International Media Ltd. & Anr. V. Bharat Sanchar Nigam Ltd. & Ors., filed before the Bombay High Court, the plaintiff, Eros, sought an order to block several URLs, pertaining to entire websites. Eros alleged that these websites were carrying unauthorized copies of its newly released Bollywood feature film, albeit without much evidence to support such assertion. Recognizing the ill-effects of such un-supported assertions and a resulting blanket John Doe order, the Court noted that, "*It is no longer possible for Plaintiffs to now come and expect to get sweeping orders just for the asking. I expect a far higher standard of care. I understand that the Plaintiffs are anxious to protect their copyright. As against that, there are other public law rights of wider import that Courts must protect. I have very little doubt as to which is the more important*". The Court further noted in a subsequent order that such orders could not be granted unless the plaintiff cleared a 3-step verification process, namely, (i) the plaintiff should verify each of the impugned links to ascertain if these contain illicit material; (ii) the links identified by the plaintiff should be verified by an officer of the plaintiff company as well as the plaintiff's counsel; and (iii) the information so obtained should be verified by way of a sworn affidavit.

In the past, plaintiffs have often used John Doe orders to block intermediary websites and ISPs, without sufficient evidence of any illegal activities on their part. Considering that intermediaries are exempted from liability under the Information Technology (Intermediary Guidelines) Rules, 2001, blanket John Doe orders, if passed against such websites, are obviously arbitrary and unfair. Moreover, it is a herculean task to have such orders vacated. Therefore, the recent orders of the Bombay High Court are certainly a welcome move in this direction and are likely to provide some respite to intermediaries.

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