K & S partners
Intellectual Property Attorneys

INDIA

IP UPDATE

Vol. XIII, Issue 3
July - September, 2015

Quarterly Newsletter from K&S Partners
For private circulation only

IP news at a glance!

- Officer's Choice v. Collector's Choice: Semantically similar?
- ASCI warned by the Bombay High Court
- Divisional application out of a divisional application valid: IPAB
- *Quia Timet* injunction to BMS for Dasatinib
- Interim injunction to Merck against Glenmark
- The need to script a good precedent for scriptwriters
- Compulsory License sought for Saxagliptin

CASE LAW UPDATES

Officer's Choice v. Collector's Choice: Semantic similarity analysed

This case *(Shree Nath Heritage Liquor Vs. Allied Blender & Distillers Pvt. Ltd.)*, decided by the Delhi High Court, analysed the semantic similarity in determining trade mark violation. The respondent-plaintiff, Allied Blenders & Distilleries Pvt. Ltd ("Allied Blenders"), claimed to have adopted the mark, 'OFFICER'S CHOICE' in 1988. It was the case of Allied Blenders that, *inter alia*, the marks of the appellant-defendants, namely, Shree Nath Heritage Liquor Pvt. Ltd. ('Shree Nath") and Sentini Bio Products Pvt. Ltd. ("Sentini") infringed its registered trademark 'OFFICER'S CHOICE'. The respective marks of Shree Nath and Sentini are 'COLLECTOR'S CHOICE' (adopted in 2013) and 'OFFICER'S SPECIAL' (adopted in 2008).

In the claim against the appellants, it was argued by Allied Blenders that the respective offending marks 'COLLECTOR'S CHOICE' and 'OFFICER'S SPECIAL' conveyed the same idea as that of its trademark 'OFFICER'S CHOICE', namely, choice of a person holding an office of authority. As such, there was deceptively similarity and it was highly likely that consumers would confuse 'COLLECTOR'S CHOICE' and 'OFFICER'S SPECIAL' with 'OFFICER'S CHOICE'.

Shree Nath defended the adoption of the marks and argued, *inter alia*, that: (i) 'COLLECTOR'S CHOICE' emphasized the unique characteristics of its product and stature of its customers since 'collector' in common parlance referred to someone who collected finer things; and (ii) since the word 'Choice' was disclaimed by Allied Blenders in its registration for 'OFFICER'S CHOICE', it had no right therein. Sentini too defended the adoption of 'OFFICER'S SPECIAL' by relying on the same disclaimer argument as raised by Shree Nath.

While the words 'Officer' and 'Collector' differed phonetically, the Court felt that a semantic understanding of how commonness of idea was conveyed through the use of words was relevant to determining similarity of marks. The Court went into an in depth analysis of semantics and noted that words may be associated with one another by way of sense relations which may be classified as synonyms, hyponyms and antonyms. While synonyms conveyed equivalence in words, hyponyms created the relation of inclusion. Since antonyms related to opposites, these were left out of the discussion.

Court found that marks containing words with the same sense relation or conveying the same or similar idea as that of previously existing marks were likely to be considered so similar as to be refused registration or deemed to constitute infringement of the previously existing trademark. However, it added a note of caution that it was important to create a parameter within which marks conveying similar ideas should be accorded protection under trademark law because if protection were to be accorded to the sense relation of a word, it would result in a monopoly over such words under trademark law. The Court gave the example of five brands of Orange juice named after different Caribbean islands contrasted with a sixth brand named after any island other than a Caribbean island. Could the sixth brand be prohibited as it is a hyponym of the broader hypernym 'Island'? Similarly, would trademark protection of synonyms extend to all synonyms of the word, such that men's perfumes could not be named after any word which was synonymous to the word, say, 'Tough' (such as 'dangerous' or 'risky')? It was noted by the Court that similarity in idea conveyed by word marks through hyponymy or synonymy could only be said to occur when the hyponymy or synonymy existed in a given context.

Analysed in that manner, the Court made a *prima facie* finding that COLLECTOR and OFFICER, may be considered hyponyms of the hypernym 'persons holding office' or the word COLLECTOR may be considered a hyponym of the word OFFICER or both COLLECTOR and OFFICER may be synonymous to each other, meaning, 'persons holding office'. Hence, when a consumer making a purchasing decision is confronted with Shree Nath's product with the mark 'Collector's Choice', the word 'Collector' would bring to his mind the cue, 'person holding an office of authority', which is related to the word 'Officer' because both trademarks here are used in the same context, namely, whisky. This, the Court found, would result in the consumer confusing the appellant's whisky with that of the respondent.

As for Sentini's mark, 'OFFICER'S SPECIAL', the Court found that the meaning conveyed by the same was similar to the meaning conveyed by Allied Blenders' mark, 'OFFICER'S CHOICE' and hence *prima facie* deceptively similar.

ASCI warned by the Bombay High Court

In the recent judgment in *Teleshop Teleshopping v The Advertising Standards Council and Anr,* the Bombay High Court gave a stern warning to the Advertising Standards Council of India (ASCI), a non-statutory tribunal, to refrain from its completely *"high handed, unlawful and unilateral conduct"* of repeatedly ignoring Court's directions and issuing orders on complaints without giving any notice or opportunity of being heard to the plaintiff, Teleshop Teleshopping ("TTS"). In the instant case, the Consumer Complaints Council of ASCI, acting on a complaint, restrained the broadcast of an infomercial of TTS in relation to a product called "Biolife Body Buildo" which was broadcast on an Indian TV channel. Though the order was issued on 11th March, 2015, TTS became aware of the said order only on 30th April, 2015 after being informed by the TV channel and it filed the instant suit against ASCI. Pointing out the violation of the principles of natural justice in the case, the Court observed that ASCI could not arrogate to itself judicial and quasi-judicial powers since it was not a statutory body but a purely voluntary organization constituted under Section 25 of the Companies Act. As such, the Court pointed out that, ASCI's decisions were not binding unless the party in question submitted to them. Further, ASCI was warned of contempt of court in case of any further obstruction to the broadcast of the said infomercials without following the due process of law.

Divisional application out of a divisional application valid: IPAB

In *National Institute of Immunology vs. The Assistant Controller of Patents & Designs,* the Intellectual Property Appellate Board (IPAB) set aside an order of the Assistant Controller of Patents & Designs which refused a second divisional patent application (sub-divisional) filed out of the first divisional application derived from the main application.

Earlier, the Patent Office had refused the second divisional application of National Institute of Immunology ("NII") on the ground that it was invalid as it was a divisional out of another divisional application, filed out of the main application. Further, it was pointed out that the said second divisional application was time barred under Section 16(1) of the Patents Act, 1970, as it was filed after the grant of the main application.

NII challenged the order in an appeal before the IPAB and argued that both the divisional applications were filed before the grant of "their" parent applications and as such there was no violation of Section 16(1) of the Act. Further, it was pointed out that the second divisional application was filed only in view of the objection raised by the patent office with respect to *multiplicity of distinct inventions.* Agreeing with the NII's contentions, IPAB noted that the sub-divisional application was indeed filed before the grant of "its" parent application (i.e., the first divisional application) and the first divisional application in turn was filed before the grant of the main patent application and as such the sub-divisional application was filed within the limitation period set in Section 16(1). Further, the IPAB agreed that the sub-divisional application was filed in view of the objection on the ground of multiplicity of inventions raised during the prosecution of the first divisional application. Allowing the appeal, the IPAB held that there was *"total non-application of mind and misconception"* in passing the impugned order and directed the Controller of Patents to pass orders on merits in accordance with the law.

The order is a first of its kind where a divisional out of a divisional application is being held to be valid. NII was represented by K&S Partners before the Patent Office and the IPAB.

Quia Timet injunction to BMS for Dasatinib

The Delhi High Court recently granted a *quia timet* injunction to Bristol-Myers Squibb (BMS) against the Mumbai based BDR Lifesciences Private Limited (BDR) in a patent infringement suit involving its anti-cancer drug Dasatinib, used for treatment chronic myeloid leukemia (CML) in adults. BMS holds an Indian patent in respect of the same.

BMS had filed two *quia timet* suits against BDR. The first was in 2009 when BMS received information that BDR had applied for Dasatinib's marketing approval before the Drug Controller General of India (DCGI). The Court while issuing summons in the first suit, issued an *ad interim* injunction in favour of BMS, restraining BDR from manufacturing and selling Dasatinib.

Significantly, during the pendency of the suit, BDR had applied to the Indian Patent Office for a compulsory license (CL) for Dasatinib. However, the Patent Office did not find a *prima facie* case for grant of a CL on the grounds that BDR had not made reasonable attempts to obtain a voluntary license from the patentee and hence rejected the application. It is important to note here that, though BDR had approached BMS for a voluntary license before applying for CL, it failed to answer BMS' queries regarding BDR's capacity to meet Dasatinib's demands.

Thereafter, BMS filed a second *quia timet* suit in 2013, apprehending that BDR would launch the drug in violation of the *ad-interim* injunction granted in the first suit. BMS feared that BDR may launch the drug since it had obtained a manufacturing license for Dasatinib Tablets and Bulk from Food and Drug Control Administration. Also, BDR was advertising the generic version of Dasatinib on their website.

In response to the first suit, BDR filed a counter claim only in November 2013 (after delay of 3 years from the filing date of issuance of summons in the suit), relying *inter alia* on the grounds of obviousness, lack of utility, section 3(d) [the section against ever-greening of inventions], non-working, non-compliance of section 8, etc. Interestingly, BDR also relied on the issue of "public interest" and argued that the Patient Access Program (PAP) was not readily available to needy patients and therefore, in public interest, the injunction ought to be vacated. BMS countered this by relying on data collected from various hospitals running PAP that Dasatinib has been made available to needy CML patients at very reasonable prices through the said program.

Upon hearing both the parties, the Court rejected the BDR's plea on obviousness stating that mere structural similarity with a prior art compound would not make the patent obvious unless the structure modification was arbitrary and without application of mind. Likewise, the Court found that *prima facie* lack of utility did not raise any credible challenge to the validity of the suit patent. The Court further noted that at this *prima facie* stage, section 3(d) cannot be pressed as a ground as the compound was apparently efficacious, even though being a 'derivative' of a known compound. The Court also rejected the plea of public interest or setting of royalties. As for pleas such as non-fulfillment of demand and non-working of patent, the Court found that these were more relevant as grounds for compulsory licensing and hold less significance for infringement proceedings (a stand quite similar to that taken by this Court while injuncting Cipla from using Novartis' Onbrez which was covered in the last issue of India IP Update (*Vol. XIII, Issue 2)*.

While holding the BMS patent as *prima facie* valid, the Court found the defenses raised by BDR to be vague and requiring more substantiation. It was further held that since the *ad-interim* injunction was in operation since December 2009 and since BDR did not so far launch the generic version of Dasatinib, the balance of convenience was in favor of BMS. As such, the Court refrained from upsetting the *status quo* and maintained the interim injunction against BDR.

Interim injunction to Merck against Glenmark

The Supreme Court of India recently upheld an order of the Division Bench of the Delhi High Court that granted an interim injunction to Merck against Glenmark for infringing Merck's patented drug, Sitagliptin sold under the trademarks 'JANUVIA' and 'JANUMET' (combination of metformin and Sitagliptin).

Earlier in 2013, Merck had instituted a suit for patent infringement before the Delhi High Court against Glenmark alleging that Glenmark's products sold under the name 'ZITA' (Sitagliptin Phosphate Monohydrate) and 'ZITA-MET' (Sitagliptin Phosphate Monohydrate and Metformin) could not be prepared without manufacturing the active ingredient i.e., Sitagliptin molecule, which was covered by Merk's patent. The Single Judge refused the interim injunction forcing Merck to appeal to the Division Bench of the High Court who after hearing the parties at length, set aside the Single Judge's order and granted an interim injunction to Merck. While doing so, the Division Bench had observed that the courts should not (unless there are overwhelming and compelling reasons, manifest in the suit) so reject an interlocutory application, without the benefit of pleadings or the barest indication of the defense. Court further observed that a safer approach would be to deny relief in the first hearing in case there was the slightest doubt, but set down the application for hearing at the earliest opportunity.

The order assumes significance as it balanced the equities between the parties while maintaining public interest. The Supreme Court observed that the balance of equities would be best served if the existing stocks of the infringing products, namely, ZITA and ZITA-MET were allowed to be sold in the market which, according to Glenmark itself, could take care of the current demand in the market for five to six months i.e., up to October-November, 2015.

The Supreme Court further observed that highly contested commercial cases such as the instant one required immediate attention and disposal to ensure a suitable commercial environment which was vital to national interest. It was further directed by the Supreme Court as follows:

- the unfinished formulation of Sitagliptin Phosphate Monohydrate (SPM) to be processed in Glenmark's factories would not be undertaken until the next date fixed;
- Insofar as Glenmark's commitment for institutional supplies was concerned, the same be put on hold until the next date fixed;
- the local commissioner appointed by the High Court should record evidence in the matter and the trial to commence thereafter on a day-to-day basis.

The latest in the matter is that the evidence has been completed and the matter is currently going through the motions of trial before the High Court.

INSIGHT

The need to script a good precedent for scriptwriters

In the year 2012, the Indian Copyright Act, 1957 was amended. A large part of these amendments related to the rights of authors and composers, perhaps the most exploited and underpaid section of the Bombay film industry (popularly known as 'Bollywood'). While the amendments to the Act addressed the exploitation of authors and composers during the making of a film to a large extent, there is yet another form of exploitation in the Bombay film industry, meted out to upcoming story and script writers. In their eagerness to get a break, these struggling writers often forget to tread on the safe side of the law.

The instant case is one such where, a script writer, Jyoti Kapoor, unwittingly shared her script and screenplay titled 'RSVP' with a film producer, Kunal Kohli, who displayed initial interest in the same. Kapoor had conceptualized the plot and storyline of 'RSVP' in 2010 and the synopsis thereof was registered with the Film Writers Association ('FWA'), Mumbai. Also, the first draft of the screenplay and the final version thereof were registered with the FWA in 2011 and 2012, respectively.

Subsequent to her meeting with Kapoor, Kohli informed Kapoor that he was not interested in pursuing her story for his film. Kapoor then proceeded to show the script to another producer who agreed to make a film based on her story. In the meantime, in June 2014, Kapoor came across news reports about the Kohli's new film, proposed to be launched under the title, 'Phir Se'. These reports indicated that the story of the film was very similar to her script. Kapoor immediately lodged a complaint with FWA and the Indian Motion Pictures Producers' Association (IMPPA) against Kohli, alleging plagiarism and infringement of copyright. While FWA found in favour of Kapoor, Kohli refused to cooperate with IMPPA for a resolution. Kapoor was finally constrained to approach the Bombay High Court against Kohli as he appeared to have proceeded to make the film.

Before the High Court, Kapoor alleged that the story of the film was disclosed to Kohli in strict confidentiality, who in complete breach of confidence, adapted the same for another movie without authorization from her.

Kohli raised the defense that the work on his movie 'Phir Se' had commenced prior to his meeting with Kapoor and therefore, there was no question of his movie being influenced by Kapoor's script. He further relied on various dissimilarities between the respective screenplays and submitted that the setting, treatment and the climax of the two movies were completely different. Kohli also alleged that the screenplay of Kapoor's movie was not a ‘novel plot’ and that several movies had been based on similar theme.

Upon hearing the parties, the Bombay High Court noted that in matters such as this, besides a copyright remedy, the common law rights concerning breach of trust or confidence were also available to a plaintiff. The Court further noted that upon comparison of the main elements of the two screenplays, there was stark similarity between the two and that even though the individual elements of Kapoor’s work were not *per se* novel, the combination of the elements was protectable and that Kapoor had an arguable case against Kohli. Moreover, the Court noted that there was an uncanny similarity between the characteristics of the protagonists in the respective stories and that the same could not be a fortuitous circumstance. Accordingly, the Court found that Kohli was in breach of trust and granted an *ad-interim* injunction against him, while refusing Kapoor’s claim for damages. Subsequently, the Court vacated this stay in return for a guarantee of INR 50 lakhs (approximately USD 77000) from Kohli.

Though Kapoor filed an appeal before the Supreme Court, challenging the order vacating the injunction and seeking a stay on the release of Kohli’s movie, during the hearing of the appeal, the parties arrived at a settlement whereby Kohli agreed to give credit to Kapoor for the story of his movie and also to pay INR 25 lakhs (approximately USD 38,000) as compensation to Kapoor. Subject to the terms of the settlement, the Supreme Court permitted release of Kohli’s movie, noting that, *“in the field of art and creativity, a settlement conveys the concept of culture of acceptance and settlement in society”*.

Though the matter was eventually amicably settled, issues like the one Kapoor faced are commonplace in Bollywood for struggling authors. Part of the reason is the lack of awareness among them of the legal safeguards such as a non-disclosure agreements with the producers. It is time that the courts, and especially the Bombay High Court which is the hub for such cases, take note of this and evolve precedents to address the situation rather than taking a stand hostile to authors.

SNIPPETS

Compulsory License sought for Saxagliptin

Lee Pharma Ltd., an Indian generic manufacturing company recently filed a Compulsory License (CL) application (being the third CL application to be filed in India till date) for manufacturing Saxagliptin, a type II diabetes drug patented in India by AstraZeneca. So far only one CL application has been granted by the Indian Patent Office (IPO) for Bayer’s patented anti-cancer drug Nexavar. The IPO has since issued a notification to Lee Pharma stating that no *prima facie* case has been made for issuance of a CL. Lee Pharma now has the option to request a hearing within one month of the notification. If no such request is made, the Controller has the power to reject the application. It will be interesting to watch whether Lee Pharma is able to convince the Controller for a *prima facie* consideration of the application.

Phones: +91 (124) 4708 700, Fax: +91 (124) 4708 760/780
E-mail: postmaster@knspartners.com Website: www.knspartners.com