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IP UPDATE

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CASE LAW UPDATE

Can the .IN Registry confiscate a generic domain name?

The .IN Registry administered by the National Internet Exchange of India (NIXI) came into operation in 2005 and has since been registering names with the Country Code Top Level domain '.IN'. NIXI has a dispute resolution policy called the .IN Domain Name Dispute Resolution Policy (INDRP) wherein arbitrators are appointed to look into disputes pertaining to domain names registered with the .IN Registry.

The order under discussion here relates to a challenge to one such arbitral award before the High Court of Delhi by an individual residing in the United States. The domain name under dispute was 'internet.IN'. The challenge to the award by the petitioner was on the main grounds: (i) that it was contrary to the INDRP in as much as the complainant (second respondent before the Court) before NIXI had failed to prove that the dispute qualified the ingredients under paragraph 4 thereof [paragraph 4 of INDRP is similar to paragraph 4(a) of Uniform Dispute Resolution Policy (UDRP)]; and (ii) that the arbitrator (first respondent before the Court) exceeded his jurisdiction in ordering the confiscation of the domain name by the .IN Registry when no such remedy was provided under the INDRP.

The complaint before NIXI by the second respondent was that the domain name 'internet.IN' was identical and confusingly similar to his registered logo mark 'INTERNET' in respect of "tobacco, raw or manufactured, smokers articles, matches included in class 34" and that the petitioner had no rights or legitimate interests in respect of the said domain name which was registered and used in bad faith. Though the arbitrator found the domain name 'internet.IN' was identical and confusingly similar to the second respondent's mark, he found that the second respondent had failed to demonstrate his rights in the trade mark 'INTERNET', a generic word. It was further found by the arbitrator that the petitioner got the domain name registered in bad faith, with intent to sell, transfer or rent it to prevent other owners of the mark from reflecting the mark in a corresponding domain name and, therefore, ordered that the domain name 'internet.IN' was to be confiscated by the .IN Registry.

On the issue of the award being contrary to INDRP, the Court upheld the award of the arbitrator and found bad faith on the part of the petitioner in registering the domain name, 'internet.IN'. The Court took note of the fact that the petitioner had registered numerous .IN marks in respect of generic words not with a view of conducting business using any of them and in this case had managed to prevent the second respondent, the registered proprietor of the mark from registering it as a domain name. It also pointed out that the petitioner was indulging in a pattern of getting domain names registered in bulk and that this was sufficient to demonstrate his bad faith under the INDRP provisions.

As regards the second ground of challenge of the award, namely, whether the arbitrator exceeded his jurisdiction in ordering confiscation of the domain name 'internet.IN' by the .IN Registry, the Court reviewed the remedies provided under the INDRP and pointed out that the remedies therein were limited to requiring the cancellation of the registration or transfer of the registration to the complainant. As such, the Court found that the arbitrator did exceed his jurisdiction and set aside that part of the order.

Copyright registration not a defense to trade mark infringement

Nestlé has successfully sued a local defendant who copied its famous 'Red Mug' device used to promote its instant coffee brand 'NESCAFÉ'. The action concerned Nestlé's 'Red Mug' device and was for a trade mark and copyright infringement, filed before the High Court of Delhi.

Nestlé's 'Red Mug' device was first created in 1978 by one of its employees and the copyright therein was assigned to Nestlé. In 1990, Nestlé added a further distinguishing feature to the said device with a 'Golden line' running around it. Nestlé claimed that it had a registration in India for the said device in class 30 for coffee and that the same was an extremely distinctive and standalone brand used on all packages, labels and publicity materials in India in respect of its coffee since 1983.

The defendant in the suit was engaged in the business of marketing coffee under the brand 'MR'. Nestlé alleged that besides infringing its registered trade mark for the Red Mug device, the defendant's packaging to sell coffee infringed its copyright because it bore a red mug device with a golden line around it. Further, Nestlé alleged that the presentation of the packaging was identical in that it had the words '100% pure instant granulated coffee' against a red background with a red mug device containing frothy black coffee poured in it.

In defense, the defendant argued that Nestlé could not claim any exclusive right in the red mug or the red color as these were basic material with no high degree of skill and knowledge involved in their creation. It further claimed that it had a copyright registration for the label in question and that it had been using it since 1975. Notably, the copyright registration was obtained in the year 2002 and there was no evidence on record to support its claimed use since 1975.

The Court took note of the definition of artistic work under the Indian Copyright Act, 1957 and found that the drawing and depiction of the Red Mug device qualified as an artistic work. Further, comparing the respective labels of the parties and using the 'lay observer test', the Court found that there was copyright infringement on the basis that the defendant's work appeared to be that of Nestlé's work as it had copied a substantial portion of the 'Red Mug' device. The Court also noted that the defendant had not offered any explanation as to why it chose to use a device so closely similar to Nestlé's and that the obvious inference was that the defendant wanted to create confusion in the minds of the consumer that the product being sold had some association with Nestlé.

While finding in favour of Nestlé, the Court pointed out that mere copyright registration would not authorize a defendant to use a plaintiff's registered trade mark if the defendant's mark was found to be identical or similar to the plaintiff's mark and was used on identical goods. In such situations, the Court held that copyright registration would be no defense to the charge of trade mark infringement.

India's first compulsory license in patents

On March 9, 2012, the Controller of Patents in India granted what has been described as India's first compulsory license under the new patent regime in India post TRIPS. According to Section 84(1) of the Patents Act, 1970 ('the Act'), if three years has passed after granting of a patent, any person interested may make an application for a compulsory license on the grounds:

(a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or

(b) the patented invention is not available to the public at a reasonably affordable price, or

(c) the patented invention is not worked in the territory of India.

The facts of this case were that an application for compulsory license was filed by Natco, an Indian generic company for a patent owned by Bayer. The drug covered by the patent stopped the growth of new blood vessels and targeted other important cellular growth factors. The drug was not a life-saving drug, but a life extending drug; in the case of kidney cancer, the life of a patient could be extended by 4-5 years, while in the case of liver cancer the life of a patient could be extended by 6-8 months. The drug had to be taken by the patient throughout his lifetime.

Bayer first applied for the patent in the United States Patent and Trade Mark Office on 13.01.1999 and subsequently filed a PCT International Application on PCT/US00/000648 in the year 12.01.2000. Bayer entered the national phase in India on 05.07.2001. After examination under the provisions of the Act, a patent was granted on 03.03.2008. Bayer had also obtained patents in many other countries for the same drug including in the members of the European Patent Office.

In the meantime, Bayer developed the drug and launched it in 2005 under the trade name Nexavar ('the drug') for treatment of Renal Cell Carcinoma-RCC (kidney cancer) and subsequently got additional approval for treatment of Hepatocellular Carcinoma-HCC (liver cancer) in 2007. Bayer received the regulatory approval for importing and marketing the drug in India and launched it in India in the year 2008.

Granting the compulsory license in favour of Natco, the Controller General held as follows:

- Bayer had made available the drug only to 2% of the eligible patients which approximately comes to 8842 per year. Hence, the reasonable requirement of the public was not met by Bayer.
- Bayer was selling the drug at a monthly tag price of Indian Rupees 280,000 (approximately USD 5500). In India not many persons could afford the patented drug at such an exorbitant rate. Accordingly, Bayer's patented drug was not able to find its way towards the public due to its excessive pricing.
- The importation of the drug into India did not amount to working and held that "worked in the territory of India" means "manufactured to a reasonable extent in India". In arriving at this conclusion, the Controller took into account the general principles under subsections (a), (b), (c), (f) and (g) of Section 83 of the Act as follows:
    - Patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay;
    - That they are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article
    - That the protection and enforcement of patent rights contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations;
    - That the patent right is not abused by the patentee or person deriving title or interest on patent from the patentee, and the patentee or a person deriving title or interest on patent from the patentee does not resort to practices which unreasonably restrained trade or adversely affected the international transfer of technology.
    - That patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public.

In arriving at the royalty figures, the Controller analyzed the royalty practices and guidelines generally adopted globally. United Nations Development Program (UNDP) specifically recommended that rates normally be set at 4% and adjusted upwards as much as 2% for products of particular therapeutic value. In the present case, the Controller found that anything lesser than 6% would not be just and reasonable given the facts and circumstances of the case and accordingly settled the royalty to be paid to the patentee as 6% of the net sales of the drug by the licensee.

SNIPPETS

Setback for Moët & Chandon: High Court of Delhi

Moët & Chandon recently suffered a setback when a Division Bench of the High Court of Delhi recently upheld an order of a Single Judge refusing to interfere with the order of the Intellectual Property Appellate Board (IPAB). The IPAB had in turn dismissed Moët & Chandon's appeal against an order of the Deputy Registrar rejecting its opposition to the mark 'MOET' by a local applicant who had coined and adopted the mark in 1967 in respect of

class 29 goods. What appears to have gone against Moët & Chandon is their acquiescence of the use by the local applicant of the offending mark. Moët & Chandon's argument regarding the unusual use of two dots over the letter 'E' to prove bad faith use also failed to sway the Court in its favor.

Intent to use pre-requisite to registration but registration does not establish intent to use: High Court of Bombay

In a passing-off suit filed by one registered proprietor against another, one of the issues raised was whether the plaintiff's mark was likely to suffer on count of misrepresentation when the defendant had merely adopted (as opposed to use) and registered a deceptively similar mark. The High Court of Bombay found that there could be no misrepresentation in a passing-off action unless the mark is put to use. Further, it held that the registration of a mark did not by itself predicate an intention to use it, although for a mark to be validly registered, it was necessary for a party to indicate that it used or intended to use the mark.

LEGISLATIVE UPDATE

India publishes a list of International Non-Proprietary Names (INNs)

Section 13 (b) of the Trade Marks Act, 1999 prohibits registration as trade marks, words which are deceptively similar to international non-proprietary names as declared by the WHO and notified by the Registrar from time to time.

The WHO administers an international generic nomenclature system called "International Nonproprietary Names" (INNs) that facilitates the identification of pharmaceutical substances or active pharmaceutical ingredients. Though each INN is a unique name, INNs are public property and help in easy identification of a drug thereby reducing confusion in drug nomenclature, which is an essential element of drug safety. As such, use of INNs as trademarks constitutes the problem of diluting the INN system by creating confusion in drug nomenclature. Further, trademark owners could interfere with the coining of new INNs asserting rights against them in the future using the common stem. Accordingly, in 1993, WHO's World Health Assembly passed a non-binding resolution calling upon Member States to take necessary measures to regulate the use of INNs discouraging the use of INNs and INN stems as trademarks.

On February 7, 2012, in exercise of the powers under Section 13 of the Trade Marks Act, 1999, the Controller General of Patents Designs and Trade Marks issued a notification to the effect that INNs or any name similar thereto INN may not be registered as a trade mark. A list of such names attached to the said notification is available at the link http://www.ipindia.nic.in/list_INN_08February2012.pdf. The Trade Mark Examiners of the Indian Trade Marks Office are now obligated to consult this list while examining pharmaceutical marks.

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