

# IP UPDATE

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## CASE LAW UPDATE

### Nestlé wins the appeal against the order in the ‘YO!’ dispute



In the October 2009 issue of India IP Update, we had reported that Nestlé was restrained by a Single Judge of the High Court of Delhi from using the mark ‘YO!’ in a suit filed by a local company, Moods Hospitality Pvt. Ltd. In an appeal filed by Nestlé, the Division Bench of the High Court of Delhi set aside the order of the Single Judge.

Nestlé’s primary argument in the appeal before the Division Bench was that an action for infringement under Section 29(1) of the Trade Marks Act, 1999 could only be brought where the defendant used a mark “as a trade mark” i.e., in a manner “indicative of trade origin” as per the definition of ‘trade mark’ under Section 2(i)(zb) of

the Act. However, the trade origin of Nestlé’s packaged noodles was the trademark “MAGGI” which was boldly written on the packaging.

Secondly, Nestlé argued that while the respondent had a registration for the mark “Yo!” in respect of ‘restaurant services’ in class 42, it had no registration for the same in class 30 for ‘noodles’, and that the Single Judge ignored this very significant distinction. It was argued that the registration of the trade mark “Yo! China” in class 42 did not give the respondent an exclusive right of use to a part thereof, namely “Yo!”, unless the same was the subject matter of a separate registration or pending application in that class, which was not the case.

Interestingly, Nestlé also averred that the adoption of the mark “Yo! China” by the respondent was in bad faith by bringing to the attention of the Court a chain of restaurants in the U.K, Ireland, Middle East and Malaysia, which carried on business under the name and style “Yo! Sushi”. Nestlé claimed that the takeaway service of the said restaurant was called “Yo! To Go” and suggested that the respondent’s marks “Yo! China” and “Yo! On the Go” were “more than inspired” by “Yo! Sushi” and “Yo! To Go”!

While upholding the contentions raised by Nestlé in the appeal and vacating the interim order by the Single Judge, the Division Bench made the following observations:

- The mark “Yo” was used by Nestlé as a descriptor of the flavor in its noodle packs and not as trade mark and, therefore, there was no infringement.
- While the mark “Yo” as used by Nestlé may be regarded to be similar if not identical to the respondent’s registered trade mark “Yo!”, there is nothing on record to establish, even prima facie, that the latter trade mark had been so continuously

or extensively used by the respondent that it had developed a “reputation” in India

- Nestlé had not used “Yo!” as its trade name (or part of its trade name) nor had it used the said marks as the name of its business concern or part of such name of its business concern.
- Nestlé’s contention that “Yo” was not used independently of the expressions “Masala” and “Chilly Chow”, which indicated flavours, but, as part of the complete expressions “Masala Yo!” and “Chilly Chow Yo!” was ‘strong’ enough in the balance of comparative strengths to deny the respondent an interlocutory injunction.

### **Deemed abandonment under Section 21 of Indian Patents Act, 1970 interpreted**

Under Section 21(1) of the Patents Act, if an applicant does not comply with all the requirements imposed on him within the prescribed time period, the application shall be deemed to be abandoned. Recently, the High Court of Delhi had the occasion to interpret ‘deemed abandonment’ under this section in a writ petition [*Telefonaktiebolaget LM Ericsson (PUBL) v. Union of India & Ors*] filed by a patent applicant, whose responses to the first and second examination reports were disregarded by the Controller while issuing an order abandoning the application under the section. In the response to the second examination report, the applicant had even requested that it be afforded an opportunity to be heard in the event the Controller was not inclined to grant its patent. Such an opportunity was never granted.

While allowing the writ petition by the applicant, Justice Muralidhar of the High Court of Delhi noted that the applicant had responded to each of the objections set out in the examination report in writing within the prescribed time period and observed that ‘abandonment’ required a conscious act on the part of the applicant which would manifest the intention to abandon the application. Further, the Controller had a duty to hear the applicant before exercising any discretionary power to abandon the application. Accordingly, the Court found that the basic factual condition for attracting the deemed fiction of abandonment in terms of Section 21(1) was non-existent in the case and, therefore, it could not be said that the applicant did not comply with the requirements under the Act.

### **Use of a descriptive word itself does not translate to distinctiveness: High Court of Delhi**



Rich Products Corporation, a Delaware based company failed to prevail over the High Court of Delhi in an infringement and passing off action through which it asserted its claim of exclusivity in the expression “WHIP TOPPING” against an Indian defendant who used the same as part of its trademark.

In support of its case, the plaintiff relied on its Indian registration for the mark “RICH’S WHIP TOPPING” (subject to a disclaimer of the letter ‘S’ and the word ‘TOPPING’), international use of the said mark since 1945, sales figures in India since 1997, sales network in India etc. The plaintiff claimed that the defendant had adopted the mark “BELLS WHIP TOPPING” along with a color combination similar to that of the plaintiff, thereby making its trade mark and trade dress deceptively similar to that of the plaintiff’s product.

The defendant raised three main arguments in its defense. First, it stated that the elements “WHIP” and “TOPPING” in the plaintiff’s mark were descriptive of the product in question and that the element “TOPPING” was disclaimed by the plaintiff itself in its registration thereby barring itself from staking any proprietary claims to it. Secondly, it was pointed out that the expression “WHIP TOPPING” was an imitation dairy product which was commonly used in making desserts, baked and frozen products by various manufacturers all over the world, and hence was “publici juris”. Lastly, the defendant argued that the expression “WHIP TOPPING” being a descriptive word to describe the products sold thereunder could not be distinctive enough to qualify as a trademark.

The Court, having considered the arguments of both sides, was not inclined to grant an injunction to the plaintiff as sought for. While arriving at its opinion, the Court held that the use of a mark by itself did not translate into distinctiveness and that distinctiveness should be of an order which displaced the “primary descriptive meaning” of the word in question. According to the Court, the evidence placed on record by the plaintiff, did not suggest that use of the words “WHIP TOPPING” brought to the mind of the consumers the products manufactured by the plaintiff only. Referring to the Trade Marks Act,

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1999, the Court observed that a trade mark registration conferred on the proprietor exclusive right to use the trade mark as a “whole” and that there was no exclusivity conferred on the registered proprietor if he chose to use only ‘part’ of the whole of such registered mark and such “part” was neither a subject matter of a separate pending application or registration. A registered proprietor may be able to protect a “part” of a registered trade mark only if he was able to show that it was not common to the trade or that it had obtained a “distinctive character”. In the present case, “WHIP TOPPING” had no separate registration or pending application and the defendant had placed evidence on record that reflected the common usage of “WHIP TOPPING” in trade.

On the issue of passing off, the Court found that the defendant’s trade mark “BELLS WHIP TOPPING” had a picture of a cake on the cover and alluded to the fact that the product was being sold by it as ‘Bell’s non-dairy Whip Topping’. The Court, therefore, felt that the mere use on its packaging of a color scheme comprising of red, blue and white colors would not be sufficient to constitute a tort of passing off.

Further, it was held that since the plaintiffs had, of their own accord, disclaimed their right to the word ‘Topping’, it could not be held that the use of the words ‘WHIP TOPPING’ by the defendant in its trade mark ‘BELLS WHIP TOPPING’ would infringe either the statutory rights vested in the plaintiffs’ registered trade mark ‘RICH’S WHIP TOPPING’, or even constitute violation of any common law rights of the plaintiff in its mark ‘RICH’S WHIP TOPPING’.

## **INSIGHT**

### **Differing views by the High Courts of Delhi and Bombay on the right of appeal against an order in a pre-grant opposition to a patent**

The Patents Act, 1970 provides for two kinds of opposition to a patent; pre-grant opposition and post-grant opposition. Prior to the amendment of the Patents Act in 2005, there was no provision for a post-grant opposition and only pre-grant oppositions were available, that too only to a ‘person interested’. Under the amended Patents Act, while pre-grant oppositions can be filed by any person, post-grant oppositions may be filed only by a ‘person interested’. Section 2 (1) (t) of the Act defines a “person interested” to include a person engaged in, or in promoting research in the same field as that to which the invention relates.

This column discusses the differing findings in two

different cases by the High Courts of Bombay and Delhi respectively on the issue whether and when an appeal from an order in a pre-grant opposition lies to a High Court and the Intellectual Property Appellate Board (IPAB). The order of the High Court of Bombay was passed on November 6, 2009 by a Division Bench of that Court and that of the High Court of Delhi was passed by a Single Judge on February 8, 2010. Appeals from the IPAB could lie either to a Single Judge or to a Division Bench as per the practice of the respective High Courts.

Before analyzing the orders, it would be relevant to set out the various sections of the Patents Act considered by the two High Courts while arriving at their respective findings on this specific issue.

### ***Relevant Sections of the Patents Act***

#### ***Section 15 :- Power of Controller to refuse or require amended applications, etc., in certain cases-***

*Where the Controller is satisfied that the application or any specification or any other document filed in pursuance thereof does not comply with the requirements of this Act or of any rules made thereunder, the Controller may refuse the application or may require the application, specification or other documents, as the case may be, to be amended to his satisfaction before he proceeds with the application and refuse the application on failure to do so.*

#### ***Section 25:- Opposition to the Patent-***

- (1) Where an application for a patent has been published but a patent has not been granted, any person may, in writing represent by way of opposition to the Controller against the grant of patent .....*
- (2) At any time after the grant of patent but before the expiry of a period of one year from the date of publication of grant of a patent, any person interested may give notice of opposition to the Controller in the prescribed manner.....*
- (3) On receipt of the recommendation of the Opposition Board and after giving the patentee and the opponent an opportunity of being heard, the Controller shall order either to maintain or to revoke the patent.*

#### ***Section 117 A(2):- Appeals to the Appellate Board***

*An appeal shall lie to the Appellate Board from any decision, order or direction from the Controller of Central Government under section 15, section 16, section 17, section 18, section 19, section 20, sub-section (4) of Section 25, .....*

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Since these proceedings were initiated by way of constitutional writ petitions under Article 226 of the Constitution of India, it must be noted that the writ jurisdiction of a High Court may be invoked by an aggrieved person only when there is no alternate efficacious remedy available to such person. An alternate remedy provided under a statute is recognized by courts as an alternate, efficacious statutory remedy.

### ***Writ petition before the High Court of Bombay***

In *Glochem Industries Ltd v. Cadila Healthcare Ltd & Ors*, a writ petition was filed before a Division Bench of the High Court of Bombay by Glochem Industries Ltd (Glochem) against an order of an Assistant Controller of Patents which rejected the pre-grant opposition of Glochem against a patent application by Cadila Healthcare Limited (Cadila). One of the issues raised by Cadila in Glochem's petition was that Glochem could not have availed of a writ remedy as it still had the remedy of a post-grant opposition and suo moto revocation of the patent.

However, the Division Bench found that although Glochem may have had a remedy of post grant opposition or of seeking suo moto revocation as was suggested by Cadila, that by itself could be no basis to non-suit Glochem if Glochem were right in its grievance that the Controller had committed manifest or jurisdictional errors while considering the opposition. This, the Court said, was because the law provided for remedy of pre-grant opposition by virtue of Section 25(1) of the Act and if such a remedy was provided, the Controller was obliged to consider the pre-grant opposition under Section 25(1) keeping in mind the parameters of law by observing principles of natural justice. The Court felt that it was a matter of prudence and discretion as to whether the Court should entertain the writ petition and, accordingly entertained the writ petition.

### ***Writ petitions before the High Court of Delhi***

Justice Muralidhar of the High Court of Delhi had six writ petitions [*UCB Farchim SA v. Cipla Limited & Ors 2010(42) PTC 425 (Del)* which were clubbed and decided] before him which raised the issue of maintainability of a writ petition under Article 226 of the Constitution of India to challenge an order passed by the Controller either allowing or rejecting a pre-grant opposition filed under Section 25(1) of the Patents Act.

The Court found that there were two possible situations arising from the order passed by the Controller in a pre-grant opposition; the opposition could be rejected or it could be accepted and the grant of patent refused. While Section 117A provides an appeal to the IPAB against a post-grant opposition order under Section 25(4), it does not expressly provide an appeal against an order in a pre-grant opposition under Section 25(1) of the Patents Act. The Court pointed out that the law was well settled that, notwithstanding that a High Court had the power and the jurisdiction under Article 226 to interfere with the orders of any statutory authority which was of a quasi-judicial nature, it would decline to exercise such jurisdiction where there was an efficacious alternative statutory remedy available to the aggrieved person.

While the attention of the High Court of Delhi was drawn to the decision in the Glochem case, the Court found that the High Court of Bombay noted that it was a matter of prudence and discretion as to whether it should entertain the writ petition or not and that in the facts and circumstances of that case it was not proper to non-suit the petitioners at the threshold on that count. It further found that the settled law as explained in several decisions of the Supreme Court and which had not been adverted to by the High Court of Bombay in Glochem made it clear that the writ petition should not be entertained, not because it did not have the power or jurisdiction, but because the petitioner had an efficacious alternative statutory remedy to exhaust.

While arriving at this conclusion, the Court found that as regards persons who had not succeeded in the pre-grant opposition stage to prevent the grant of a patent, and were 'persons interested' under Section 25(2) of the Patents Act, their remedy was to file a post-grant opposition under Section 25(2). If they were still aggrieved by that decision, under Section 25(4) of the Patents Act, they could file an appeal before the IPAB in terms of Section 117A of the Patents Act. The Court further observed that given the differences in the pre-grant and post-grant oppositions, the legislature appeared to have consciously denied to a third party a further statutory remedy of a post-grant opposition in the event of such third party not succeeding in the pre-grant stage to prevent the grant of patent. However, the Court found that, as regards the maintainability of a writ petition by such third party pre-grant opponent against the Controller's order rejecting the opposition, the power under Article 226 of the Constitution was wide and could be exercised on the facts and circumstances of a given case where it appeared that there was no other efficacious remedy available or that

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the interests of justice required the Court to interfere. In other words, where a pre-grant opposition under Section 25(1) was filed by a person who was a third party and not a person interested in the sense of the term under Section 25(2) of the Patents Act, and such pre-grant opposition was rejected by the Controller, the Court when approached by such third party pre-grant opponent under Article 226 of the Constitution would determine if in the facts and circumstances, the petition required to be entertained.

It was added by the Court that where the grant of a patent was refused by the Controller after accepting a pre-grant opposition under Section 25(1) of the Patents Act, the applicant for a patent would have a remedy by way of an appeal to the IPAB under Section 117A of the Patents Act. It was held that the refusal to grant patent was relatable to and should be understood as an order by the Controller under Section 15 of the Act appealable to the IPAB under Section 117 A.

While the Single Judge of the High Court of Delhi was careful in distinguishing the decision of the Division Bench of the High Court of Bombay, he did so purely based on the constitutional principles governing the maintainability of writ petitions. Further, he did not lose sight of the fact that pre-grant oppositions are more for the purposes of aiding in the examination of a patent. For these reasons, the approach of the High Court of Delhi appears to be more sound and logical than that of the High Court of Bombay.

## LEGISLATIVE UPDATE

### Copyright Amendment Bill 2010

The much awaited amendments to the Copyright Act, 1957, which was last amended in 1999, have been introduced in the lower house of the Indian Parliament recently. The latest amendments proposed under the Copyright Amendment Bill 2010 are stated to remove certain operational difficulties and also to address certain newer issues that have emerged in the context of digital technologies and the internet. The Bill also states that the amendments propose to harmonize the Act with the provisions of the WIPO Internet Treaties [WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)]. It is significant to note here that India is not yet a signatory to the WIPO Internet Treaties.

While the January 2006 issue of India IP Update had carried a report on an earlier version of the Bill, some of the salient features of the latest Bill are as follows:

- Make the provisions of the Act in conformity with the WIPO Internet Treaties and to ensure protection to copyright holders against circumvention of effective technological measures applied for the purpose of protection of their rights and circumvention of rights management information;
- Provision of exclusive rights and moral rights to performers;
- Definition of the author of a cinematograph film amended to mean the producer and the principal director. However, there is no definition provided for 'principal director';
- Provision for storing of copyrighted material by electronic means in the context of digital technology and to exempt internet service providers from copyright liability in situations of: (a) transient and incidental storage of a work or performance purely in the technical process of electronic communication to the public; and (b) transient and incidental storage of a work or performance for the purpose of providing electronic links, access or integration, where such links, access or integration has not been expressly prohibited by the right holder, unless the person responsible is aware or has reasonable grounds for believing that such storage is of an infringing copy (provided that if the person responsible for the storage of a copy, on a complaint from which any person has been prevented, may require such person to produce an order within fourteen days from the competent court for the continued prevention of such storage);
- Enhancement of the term of copyright for photographers to life plus sixty years instead of sixty years as at present;
- Provision of the term of copyright in a cinematograph film for the principal director as seventy years;
- Provision of independent rights to authors of underlying literary and musical works in cinematograph films when such works are used in contexts other than the cinematograph film;
- Physically challenged persons may access copyrighted material in specialized formats. Further, any organization registered under the Income Tax Act, 1961 and working primarily for the benefit of such disabled persons can apply for a compulsory license to publish any work for the benefit of such disabled persons;
- Introduction of statutory licensing for version recordings of all sound recordings to ensure that

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while making a sound recording of any literary, dramatic or musical work, the interest of the copyright holder is protected;

- Introduction of statutory licensing to broadcasting organizations to access literary and musical works and sound recordings without subjecting the owners of copyrighted works to any disadvantages;
- Provision of compulsory license to publish or communicate to the public such work or translation where the author is dead or unknown or cannot be traced;
- Provision of formulation and administration of copyright societies by the authors instead of the owners
- New provision that no assignment shall be applied to any medium or mode of exploitation of a work which did not exist or was not in commercial use at the time when the assignment was made, unless the assignment specifically referred to such medium or mode of exploitation.

A complete copy of the Bill as introduced in the lower house of the Parliament is available on the website of K&S Partners in the 'Updates' section.

## SNIPPETS

### Supreme Court admits Bayer's appeal in the "patent linkage" case, though no interim stay granted



The October 2009 issue of India IP Update had carried a report of the case filed by Bayer, inter alia, against Cipla and the Drug Controller General of India (DGCI) alleging "patent linkage" and seeking a direction that the DGCI be restrained from granting a license to Cipla under the Drugs and Cosmetics Act for manufacturing, selling and distributing the drug "Sorinib" under the "Bolar" provisions of the Indian Patents Act. Unsuccessful in an appeal before the Division Bench of the High

Court of Delhi in getting a relief against the Single Judge's order declining the relief, Bayer approached the Supreme Court. Though the Supreme Court admitted the appeal, no interim stay was granted to Bayer.

### Spanish Trade Mark Office recognizes geographical origin of 'Basmati'

Following an opposition filed by the Agricultural and Processed Food Products Exports Development Authority (APEDA), a statutory body under the Ministry of Commerce, Government of India, entrusted with the protection and administration of the intellectual property rights in the world-famous Basmati rice, the Spanish Trademark Office recently rejected an application by a Spanish company for the mark "BAIG SUPER KERNEL BASMATI RICE ARROZ (Logo)". The mark was in respect of goods falling in Class 30 including rice. The Spanish Trademark Office held, inter alia, that the mark under opposition was made up of descriptive terms and geographic and generic indications denoting a 'variety of rice known throughout the world' and that the geographic origin suggested by the applicant's mark was deceptive.

### Patentability tests are the same worldwide, says High Court of Delhi

While rejecting a claim of infringement against an Indian defendant in a suit (Glaverbel SA V. Dave Rose) by a Belgian plaintiff, the High Court of Delhi held that the tests of patentability, namely, novelty, inventive step and industrial application, were the same worldwide. While determining patentability, the Court considered a decision of the German Federal Court, which rejected the plaintiff's patent, and found that while the law of patent was territorial in nature, propriety and international comity warranted that judicial decision of a foreign court may be respected in the same manner as that of the national court, and, declined to take a different view at the interlocutory stage.

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