



Intellectual Property Attorneys

I N D I A

IP UPDATE

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Quarterly Newsletter from K&S Partners

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K&S Partners wishes all our associates and clients a Merry Christmas and Happy New Year.



'RARE BLEND', NOT SO RARE!

The Registrar of Trademarks, Kolkata has accepted an opposition filed by the Scotch Whisky Association (SWA) against an application by a local brewery to register the mark 'RARE BLEND' in respect of 'wines, spirits and liquors' on the ground that it was a term generally used in the whisky trade to describe the quality of goods.

SOME VITAL STATISTICS FROM THE IPO!

Under the new product patent regime, the Indian Patent Office (IPO) expects 23% growth in patent filings this year. There have been substantial improvements made in the infrastructure for early grant of patents. The IPO received about 24,500 applications in the present fiscal year, (out of which about 12,000 filed at the Delhi office, 7,000 at the Chennai office, 6,000 at the Kolkatta office and 5,000 at the Mumbai office). Of these, nearly 50% of the filings relate to chemical and pharmaceuticals fields. IT and computer related inventions form about 20% and the rest of 30% relate to conventional fields of technology. Currently, the IPO is in the process of creating a searchable online database consisting of published Indian patents applications and granted patents since 1911 till date.

SPECIAL REPORT

Yet another victory for DARJEELING in France - French court recognizes GI status for Darjeeling



Versus



Darjeeling

In a landmark victory for the Tea Board India, the Court of Appeals in Paris upheld its claim that the use by one Mr. Jean-Luc Dusong of the name "DARJEELING", with the device of a teapot, in respect of goods other than Darjeeling tea was misleading and deceiving consumers, and was, therefore, a violation of the rights represented by the Tea Board in respect of the well-known geographical indication "DARJEELING" for tea originating from the Darjeeling district in the State of West Bengal in India.

In this case, Mr. Dusong had registered a mark consisting of the name "DARJEELING" with the logo of a teapot in respect of goods and services such as artworks, engravings, books, journals, communication, consultancy etc. While objecting to the said registration through a civil suit, the Tea Board argued that this would deceive customers into believing that these products and services, though not related to tea, were somehow associated with the superior quality and reputation enjoyed by Darjeeling Tea. The Court of First Instance in Paris had rejected this argument of Tea Board and had held, inter alia, that Mr. Dusong's mark was not deceptive as it related to dissimilar goods.

On November 22, 2006, the Court of Appeal reversed this ruling and held that:

- On the basis of various materials, scholarly works and encyclopedias placed before it by the Tea Board, it was evident that 'DARJEELING' qualified as a geographical indication for a tea having unique attributes and originating in the Darjeeling district in India and hence entitled to be protected as such within the meaning of the TRIPS Agreement and the Paris Convention.
- Even if Mr. Dusong was using the mark in respect of dissimilar goods and services, he was still riding on the superior reputation of Darjeeling Tea and freely benefiting from the same. This amounts to a parasitic act and an act of unfair competition under Article 10bis of the Paris Convention (to which both India and France are signatories), which calls for sanctions against acts which are contrary to honest industrial and commercial uses.
- By adopting the name 'Darjeeling' along with the device of a teapot, Mr. Dusong has also attempted to benefit from the fame and economic value associated with this geographical indication. Even if there was no risk of confusion associated with such use by Mr. Dusong, it would undermine and dilute the distinctive nature of this pre-stigious geographical indication.

- The name “Darjeeling” could not be registered as a trademark because when applied to different goods and services, it evokes in the consumer’s mind the universe of tea in the high altitude region of India. Thus, only the producers, traders and exporters from this region can benefit from this origin.

Based on the above observations, the Court of Appeal in Paris nullified the registration granted to Mr. Dusong for the mark “DARJEELING” with the teapot device and enjoined him from using the name “Darjeeling” in any context whatsoever. Further, the court authorized the Tea Board to have the order or its extracts published in three French or foreign newspapers or journals of its choice at the expense of Mr. Dusong up to a maximum of Euros 5000. Besides the above, the court also directed Mr. Dusong to pay costs up to Euros 2000 to the Tea Board.

The Paris based law firm M/s Cabinet Escande through its attorney Michael Paul Escande represented the Tea Board before the Court of Appeal under instructions of K&S Partners. This order is a boost to the efforts of Tea Board to protect and defend the well-known geographical indication Darjeeling in Europe and particularly in France.

CASE LAW UPDATE

Supreme Court petitioned on genetically modified crops

On September 22, 2006, the Supreme Court of India, through an order, had restrained the Genetic Engineering Approval Committee (GEAC), India from granting any further approvals for testing of genetically modified products through field trials, whether for commercial purpose or for research. The said order arises from a public interest petition filed by one Ms. Aruna Rodrigues and three others [*Aruna Rodrigues & Ors. V. Union of India (unreported)*], in seeking a ban on the release of genetically modified (GM) organism/seeds, which as per the petitioners could cause health hazards. Particularly, concerns were raised on the field trials of Bt brinjal, on the ground that the Bt gene was being tried for the first time in vegetables in India. Concerns were also expressed regarding possible gene flow, development of Bt resistant weeds etc. The petition further sought to restrain the Indian Genetic Engineering Approval

Committee (GEAC) from giving fresh approval for GM products, particularly for commercial purposes.

In this regard, an impleading application was filed by the University of Delhi (through K&S Partners) seeking permission to conduct field tests of a hybrid mustard, DMH-11 for research purposes. The university argued that the sowing season for the crop commenced in October which if missed would result in loss of a whole year’s data which was crucial for its research program. The hybrid, which is a cross between a male sterile plant and a high yielding mustard variety, is the result of years of research by the said university and is poised to increase the production of oilseed mustard in India by 30-40%. The university employed a certain proprietary GM technology to generate male sterile parent plants.

In its brief order, the Court permitted the university to sow the seeds of the newly developed hybrid in October as prayed. At the last hearing in the matter, the Court refused to restrain the ongoing trials, but has directed the GEAC to examine the technology used for development of the hybrid mustard and provide an independent opinion.

The petition comes at a time when India has already approved Bt cotton and has been examining various proposals for GM rice, maize, mustard, sugarcane, sorghum, tomato, eggplant, potato, banana, papaya, cauliflower, oilseeds, castor, soybean and other plants.

Title of a film is capable of protection as property

In the decided case of *Biswaroop Roy Choudhary v. Karan Johar* [2006(2) CTMR 113 (Delhi)], the plaintiff, a film producer, staked a claim to the title of a Hindi language film about to be released by the defendant Karan Johar, a very popular Hindi film producer. The disputed title was “*Kabhi Alvida Naa Kehna*” meaning, ‘never say goodbye’. Ironically, the title was neither the creation of the plaintiff nor that of the defendant; it was actually a catchphrase from the lyrics of a popular Hindi film song of yesteryears.

According to the plaintiff he adopted the title and applied for registration of the same as a trademark in class 41 in May 2005. However, the defendant, had applied for

registering the said title with the Association of Motion Pictures and TV Programme Producers in January 2005 itself and it was granted to him in May 2005. At the time of filing of the suit, the plaintiff had completed 40% of the making of the film whereas the defendant had completed his film and it was ready for release.

While deciding the issue of title, the court relied on *McCarthy on Trademarks* and drew a distinction between titles and trademarks and found that despite the distinction, there is good reason for treating a title akin to property, since a junior user of a title cannot be permitted to use the title in such a way as to create likelihood of confusion of source, affiliation, sponsorship or connection in the minds of the relevant public. Further, court observed that where words or phrases in common parlance are sought to be used with exclusivity, the court should take care to determine which of the parties has ended its journey or traversed appreciably longer way in the use of such words as a trademark or as a title. Whereas the defendant’s film was ready for release, the plaintiff had only completed less than half of his film. While dismissing the plaintiff’s case, the court pointed out that his trademark application is irrelevant since the defendant had commenced actual use of the mark prior to the plaintiff’s trademark application.

‘INTEL’ is common to the trade and not exclusive to Intel Corporation

In a suit filed by Intel Corporation against two Delhi traders seeking injunction against their use of the word ‘INTEL’ as part of their corporate name [*Intel Corporation v. Anil Hada & Anr.* [2006 (33) PTC 553 (Del)], the High Court of Delhi refused the injunction based on the ground that the defendants had been using the said name as part of their corporate name for long and that INTEL has become common to the trade.

The plaintiff, Intel Corporation, claims to be in the business of manufacture of micro-processing chips since 1971, whereas the defendants had been operating their respective concerns – a travel agency and an office equipment business– by using the name INTEL as part of their respective corporate names since 1986 in India. It was the allegation of the plaintiff that the use by the defendants of the name INTEL as part of their corporate names amounted to dilution of its mark ‘INTEL’. Significantly,

neither defendant had applied for or registered the mark INTEL. In defense, the defendants commonly pleaded that INTEL was common to the trade and placed various telephone directories on record as evidence. One of the defendants even offered an explanation as to the reason for the adoption by several traders in the business of electronics communication of the name INTEL as a combination of 'INTERNATIONAL' and 'ELECTRONICS'. Further, the defendants cited the example of the satellite launched in 1965 under the name INTELSAT-1. They also argued that at the time of their respective incorporations in the year 1986, the plaintiff was not even present in India and, therefore, there cannot be any allegations of bad faith adoption.

The court accepted the defendants' plea and found that prima facie the plaintiff could not make out a case for an interim injunction. Moreover, the defendants had been carrying on business for the last 16 years and had spent substantial amounts of expenditure on building up their enterprises. Neither was the plaintiff's mark well-established 16 years ago so as to constitute an act of bad faith, nor could they explain why they hadn't approached the court all this while. The court, therefore, found that balance of convenience dictated that the application for interim injunction by the plaintiff be declined.

Alternate remedy under INDRP does not oust the court's jurisdiction to decide domain name disputes

The .IN Domain Name Dispute Resolution Policy (INDRP) was put in place effective 2005 towards administering and resolving disputes arising out of the registration of the country code top level domain names (ccTLDs). In *CITICORP. & Anr. v. Todi Investors & Anr.* [2006 (33) PTC 631 (Del)], the issue that arose was whether the INDRP ousted the jurisdiction of civil courts.

The plaintiff, an American company which owns the mark 'CITIBANK', 'CITY' and several other well-known marks filed the present suit against the defendant for registering the domain name citi.in. While the suit was pending the INDRP came into force and, the defendant filed an application for rejection of the plaintiff's suit, arguing that with the formulation of the INDRP, the suit was liable to be terminated as the subject matter of the suit was covered by INDRP.

While dismissing the application of the defendant, the court held that there was nothing in the INDRP Rules to suggest that the civil courts' jurisdiction is barred, and in the absence of an express ouster, such an inference would not normally be drawn. Further, the court found that INDRP Rules are not a statute nor are the arbitrators under the same judges. Therefore, it cannot be seen as an alternative statutory remedy. Even if it were, unless made clear expressly or by necessary implication to the contrary, it would act only as a concurrent remedy, leaving the plaintiff with an element of choice.

While concluding so, the court also noted that even the ICANN (Internet Corporation for Assigned Names and Numbers) formulated UNDRP policy did not oust jurisdiction of civil courts and considering that INDRP was formulated along the lines of UNDRP, it was inconceivable as to how the defendant could take such a stand.

Parallel imports held to be infringement

In the recent case of *Samsung Electronics Company Limited & Anr. v. G. Choudhary & Anr.* [MANU/DE/3161/2006], the plaintiff, registered owner of the trademark 'SAMSUNG', filed a suit against the defendants for importing from China and selling ink cartridges and toners branded 'SAMSUNG', manufactured by the plaintiff itself in China. The plaintiff's case rested on the main ground that although the products were genuine, they were not meant for Indian markets. The reasons cited by the plaintiff included that the descriptions that accompanied the products were in Chinese, there was no warranty offered and that the use of these products was likely to constitute a breach of the warranty of other legally purchased machinery.

India follows the principle of international exhaustion of trademarks. The issue of exhaustion was not expressly addressed in the old Trade and Merchandise Marks Act, 1958 which was repealed by the Trade Marks Act, 1999. However, Section 30 (3) of the Trade Marks Act, 1999 provides that where the goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market or otherwise dealing in those goods by that person or by a person claiming under or through him is not

infringement of the trademark if the goods have been put on the market under the registered trade mark by the proprietor or with his consent.

While finding that parallel imports per se could not be held to be infringement in view of the legal provisions in India, it was held that a cause of action for trademark infringement may be available to the proprietor against an importer where genuine goods have been materially altered without proprietor's consent after placing them in the market. Further, a cause of passing off is also available if the proprietor can show that the importer is passing off the goods in a misleading or improper way causing confusion in the minds of the public. In the circumstances, the court held that there was a prima facie case for injunction since it was certain that the goods and evidence to substantiate the complaints would be removed if an injunction was not granted. Accordingly, the defendants were enjoined from importing, exporting, distributing, selling, offering for sale, advertising, directly or indirectly dealing in grey market ink cartridges or toners or any other products of the plaintiff bearing the mark SAMSUNG, thereby leading to infringement of the plaintiff's marks.

This is perhaps the first decided case by the High Court of Delhi on parallel imports and trademark infringement.

INSIGHT

Bollywood blues

India is home to the largest movie industry in the world. And, perhaps that is why the Bombay (now 'Mumbai') based Indian movie industry is popularly called 'Bollywood', a term some consider improper as it implies that it is a poor cousin of Hollywood!. Not to mistake, Bollywood is only one part of the Indian movie industry because the rest of the country also makes movies in various other state languages, which are over twenty in number.

Bollywood movies are popular among Indian and Asian audience for their songs, action and colours and their stark contrast from reality. Consequently, there is a great demand for video cassettes and DVDs and VCDs of these movies. Under the Indian Copyright law, one of the rights

conferred on the owner of a cinematograph film is 'to sell or give on hire or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions'. However, despite the law, unauthorized video parlors renting out copies of movies have been thriving in every nook and corner of the country, apparently due to ignorance of the law. Well, ignorance of the law is indeed not an excuse because a recent order of the High Court of Delhi has issued injunctions against the owner of one such rental library. With this injunction, the situation is poised to change for owners of copyright in cinematograph films.

In the suit filed by ten entertainment companies against the proprietor of the video rental library 'Cinema Paradiso', who was allegedly renting out videos without copyright licenses, Justice Reva Khetrpal of the High Court of Delhi granted an ad interim injunction restraining the video rental library owner from renting out or importing for sale in India films in which the plaintiffs owned copyright. The array of plaintiffs included big names in the entertainment industry such as Warner Brothers, Columbia Pictures, Twentieth Century Fox and Disney Enterprises, who are members of the Motion Picture Association (MPA). It was argued by the plaintiffs that 'Cinema Paradiso' had its operations in various Indian cities like Kolkata, Hyderabad, Bangalore and Chennai and that according to a newspaper report it was planning to open further branches in other Indian cities including New Delhi and Mumbai.

DVD rental businesses across the country have come under heavy legal scrutiny following perhaps, the first of such orders by the Delhi High Court to curb film piracy.

Piracy is a constant menace to the Indian film industry. It was found in one survey that 42% of Bollywood revenues get leaked due to piracy. According to Government estimates, the entertainment

industry loses up to 17 Billion annually on account of piracy. Since the beginning of 2004, the MPA has conducted close to 1,000 raids and seizure operations in India in cooperation with law enforcement authorities. Additionally, civil raids have been conducted through court-appointed local commissioners in civil suits initiated by MPA member companies.

K&S IN THE NEWS

INTA Roundtable organized by K&S Partners

On November 24, 2006, a roundtable on "Evolving Concept of Damages in Trademark Cases in India" was held at Hotel Ambassador, in New Delhi. INTA arranged the roundtable with the cooperation of K & S Partners.

About 30 people participated in the roundtable, including judges of the Delhi High Court, individual practitioners and attorneys from several local law firms- both INTA members and non-members and members from the corporate sector.

The session was highly interactive and discussions included topics such as the concept of damages under law of tort as contrasted to contractual damages, whether prevalence of granting injunctions has hampered the evolution of the damages culture, recent trademark cases where damages have been awarded, basis and economic analysis for calculating the amount of damages, enforcement issues relating to an award of damages, alternatives to damages and modes to add value to the relief granted to the plaintiff by way of corrective advertising, public apology etc.

Conferences attended and presentations made

- **D.C. Gabriel** made presentations on '*International Patent Litigation*', '*Biotech Patenting in India*' and '*Patent Practice*' (the first two at the C5 Conference

and the last one jointly with **Rajeshwari Hariharan** before the International Management Forum) held in London on September 21, September 26 and September 29, 2006 respectively;

- **Vivek Dhokalia** made presentations on '*Non -Patent IP Laws for SMES's*' and '*Enforcement of IP Rights in India- Recent developments*' and **S.K. Pangasa** made a presentation on '*Patent an Inventions*' at a seminar organized by EU - Waterfall Institute held at Jalandhar (in Punjab) on October 04, 2006;
- **Latha R Nair** and **Rajendra Kumar** attended the ITeclaw European Conference in Prague on November 6 and 7, 2006.
- **Latha R Nair** made a presentation on "*Doing business with India: Certain IP Aspects*" before an audience of German lawyers and representatives of German companies in Munich and Stuttgart on November 9 and 10, 2006 respectively.
- **Ruchika Sukh** made a presentation on '*IPR: Trade Marks, Copyright & Geographical Indications of Goods*' at a IPR Outreach Programme for Small and Medium Enterprises Workshop organized by EU-India Trade and Investment Development Programme (TIDP) at Kanpur on November 09, 2006;
- **Ravi Bhola, C. Naveen** and **Madhusudan S.T.** conducted a workshop on Laws relating to Patent at Tamil Nadu based TVS Group Company "India Nippon Electricals Limited" on 19th November 2006.

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