



Intellectual Property Attorneys

I N D I A

IP UPDATE

Vol. V, Issue 2
April - June, 2006

Quarterly Newsletter from K&S Partners
For private circulation only

Amendments proposed to the Indian Copyright Act

The Government of India is proposing to amend the Indian Copyright Act, 1957. The proposed amendments are available on the website <http://copyright.gov.in/cprsec/login.asp>. The amendments are suggested keeping in mind the technological developments at the national and international level. Suggestions and comments on the proposed amendments have been invited from interested parties by the Government. In the next issue of India IP Update, we will be carrying a feature on the salient features of the proposed amendments.

CASE LAW UPDATE

The Supreme Court of India holds that where two causes of action arise under different statutes, territorial jurisdiction cannot be conferred upon a court which had jurisdiction to try the suit in respect of one cause of action and not the other. While the ratio of the case is discussed below, it may be relevant to point out that the case related to the repealed Trade and Merchandise Marks Act, 1958 which provided for the courts in the jurisdiction of the defendant of the defendant to entertain and try trademark infringement actions. Under the new Trade Marks Act, 1999, such jurisdiction is now vested in courts where the plaintiff resides or carries on business.

In *Dhodha House & Patel Field Marshal Industries v. S.K. Maingi & P.M. Diesel Ltd.* 2006(32) PTC 1 (SC), the Supreme Court of India was faced with diametrically opposite views taken by the High Courts of Allahabad and Delhi on the issue of territorial jurisdiction of a Civil Court to try a composite suit for infringement of copyright and trademark under the Copyright Act, 1957 and the Trade & Merchandise Marks Act, 1958 (now replaced by the Trade Marks Act, 1999). While Section 62 (2) of the Copyright Act provides that a suit for infringement of copyright can be instituted in a court within the local limits of whose jurisdiction, the person instituting the suit resides, the Trade & Merchandise Marks Act, 1958 did not confer jurisdiction upon a court within whose jurisdiction the plaintiff resided. In other words, the 1958 Trade Marks Act contemplated that suits for infringement and passing off were to be instituted where the defendant resided or carried on business. It is pertinent to mention here that under the new Trade Marks Act, 1999, a suit for infringement can be filed where the plaintiff resides or carries on business whereas a suit for passing off needs to be instituted where the defendant resides or carries on business.

In the matter before the Allahabad High Court, the Appellant was a resident of the State of Uttar Pradesh and sued for, inter alia, infringement of trademark and copyright in the District Court of Ghaziabad and obtained an order of injunction against the Respondent, a resident of the State of Punjab. In the appeal filed by the Respondent, the Allahabad High Court held that since the suit was based on alleged infringement of a registered trademark and passing off, the District Court of Ghaziabad had no territorial jurisdiction and the mere fact that the Court may have had jurisdiction to

entertain the suit with respect to a cause of action under the Copyright Act could be of no avail.

Taking a more liberal view in the matter before it, the Delhi High Court negated the contention that since both parties to the suit were residents of and worked for gain in the State of Gujarat, it had no territorial jurisdiction to entertain a composite suit for passing off, infringement of trademark and copyright. The Delhi High Court further went on to hold that a plaintiff could seek a restraint order against a threat that is still to materialize once it comes to learn that the defendant has applied for registration of trademarks at Delhi and could pray for injunction to prevent any sale of the infringing product in Delhi.

The short question before the Supreme Court was as follows: if causes of action under the two Acts (namely, the Trade and Merchandise Marks Act, 1958 and the Copyright Act, 1957) are different, would a suit be maintainable in a court only because it has the jurisdiction to entertain the same in terms of Section 62(2) of the Copyright Act, 1957?

Allowing the appeal from a decision of the Delhi High Court, the Supreme Court observed that while a cause of action in a given case under the two Acts may be overlapping to some extent, the territorial jurisdiction conferred upon the court in terms of the provisions of the Code of Civil Procedure undisputedly shall apply to a suit or proceeding under both the Acts. Merely because in a given case the activities of the defendant may give rise to a cause of action under the two Acts, the same would not mean, irrespective of the nature of the violation, the plaintiff would be entitled to invoke the jurisdiction of the court in terms of Section 62(2) of the Copyright Act. The Copyright Act merely provided for an additional forum to enable an author to file a suit who may not otherwise be in a position to file a suit at different places where his copyright was violated. The Parliament when enacting the Trade Marks Act of 1958 was aware of the provisions of the Copyright Act and chose not to make a similar provision therein. Thus, it is not open for a court to readily pre-sume the existence of jurisdiction which is not conferred on it. Recourse to additional forum, in a given case, may be taken if both causes of action arose within the jurisdiction of the court which otherwise had the necessary jurisdiction to decide all the issues.

High Court of Chennai recognizes SMS rights in respect of cricket scores

India is one of the strongest hubs of information technology industry today. Keeping pace with the fast paced developments in technology, Indian courts have evolved innovative principles and not hesitated to look to other comparable jurisdictions for guidance. The instant case, *M/s Marksman Marketing Services Private Limited v. Bharti Televentures Limited and Others* (Unreported), is an illustration of how the High Court of Chennai found merit in the reasoning of the famous opinion of the US Supreme Court in the case of *International News Service v. Associated Press* [248 US 215,(1918), 39 S. Ct. 68] whose oft-quoted observations have led to development of unfair competition law on a path distinct from the passing off principles:

“The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not reasonably interfering with complainant’s right to make merchandise of it, may be admitted: but to transmit that news for commercial use, in competition with complainant which is what Defendant has done and seeks to justify is a very different matter. In doing this, Defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labour, skill and money, and which is salable by complainant for money, and that Defendant in appropriating it and selling it as its own is endeavouring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant’s members is appropriating to itself the harvest of those who have sown”

However, the recent decision of the High Court of Madras in *M/s Marksman Marketing Services Private Limited v. Bharti Televentures Limited and Others* (Unreported) offers some consolation.

The genesis of the case is the recently concluded series of One Day International (ODI) cricket matches between India and Pakistan organized by the Pakistan Cricket Board (PCB). PCB had assigned its exclusive rights over the ODI series in the form of television rights, audio rights, internet rights, SMS rights and other rights to several persons on global basis for valuable consideration.

To appreciate the case in perspective, it is to be borne in mind that when a cricket match happens between India and Pakistan, both the nations are gripped by the high passions involved in the game. Millions are glued to the TV screens and tuned to radio broadcasts. The obvious beneficiaries of this are the match

organizers, television channels and radio stations. The issues raised in this case arose out of a relatively new claimant for a share in this pie, namely, mobile phone operators, who offered a chargeable service of providing live scores to its customers on demand.

The plaintiff in this case, M/s Marksman Marketing Services Private Limited (MMSPL), claimed that it has rights including copyrights to provide scores, alerts and updates relating to the match series via Short Messaging Service (SMS) technology on wireless and mobile phones as per an assignment from M/s Vectracom Pvt. Ltd., Pakistan. M/s Vectracom is said to have obtained the said rights on a global basis in respect of the cricket matches referred to above from PCB. Accordingly, the plaintiff sought an interim injunction restraining the defendants from disseminating any information relating to scores, alerts and updates and or other events or happenings through SMS technology on wireless and mobile phones by means of transmission to handheld mobile phones in respect of the ODI series. The said interim injunction was granted and the defendants approached the court to have the injunction vacated.

The defendants, totaling 18 in number consisted of mobile phone operators and content providers of the ODI series to these operators.

The main arguments of the plaintiff may be summed up as follows:

- It being the exclusive SMS service provider, the defendants should have obtained its permission before exploiting the same on a commercial basis
- The acts of the defendant defeated the very purpose of the agreement between PCB and Vectracom
- By transmitting the scores contemporaneously, the defendants were indulging in almost large scale pirated transmission of live, instant information which was of great commercial value for a limited period of time.
- Live scores, alerts and updates of the ODI series may be termed as “hot news” which was a protectible right
- By making this available to its customers on a commercial basis, the defendants were reaping large profits where they had not sown

Collectively defending the suit, the defendants submitted as follows:

- Neither was PCB joined as a necessary party, nor was the agreement between plaintiff and Vectracom produced as evidence

- The information disseminated by the defendants was already available in the public domain.
- M/s Vectracom had the right to SMS services only in the territory of Pakistan
- Under their license for operation in India, they were free to provide SMS services
- The Board of Cricket Control India (BCCI) never granted such exclusive right of SMS to any party in India whenever matches were played in India
- The right to broadcast information to the public had been recognized by the Supreme Court of India as a fundamental right and any curtailment of the same was a violation of the same.
- To enjoy benefit of copyright protection, the plaintiff must show what specific property right it had in the work.

Having heard the arguments by both the sides, the court found as follows:

- The right of providing scores, alerts and updates of the ODI series via SMS technology was the result of organization and expenditure of labour, skill and money, which was salable only by the organizers of the event
- By sending the scores, alerts and updates via SMS, the defendants were unauthoritarily interfering with the organizer’s rights
- By these acts, the defendants were making profit thereby diverting the material portion of the profit from SMS which PCB could have otherwise earned
- These acts of the defendants amounted to reaping where they had not sown

Although the court recognized that SMS rights did exist in scores, alerts and updates and that the defendants were not justified in providing scores, alerts and updates over SMS, it vacated the interim injunction since the plaintiff was not able to establish a prima facie case in its favour showing exclusive SMS rights. In addition, the court pointed out that neither PCB nor Vectracom were impleaded as necessary parties by the plaintiffs.

The order has since been appealed by the defendants before the Division Bench of the Madras High Court.

Mail-box application refused by Indian Patent office

Recently, the Indian Patent office refused

Novartis AG's patent application for "Crystal modification of N-Phenyl-2-Pyrimidineamine derivative, process for its manufacture and its use", filed on July 18, 1997, under the mailbox provisions. The application related to the anti-cancer drug Glivec, used for treatment of chronic myeloid leukaemia (CML), a life-threatening form of cancer. Generic forms of the drug include Imalek, Temsab, Zoleta and so on.

Upon publication of the application in the Gazette of India, six oppositions were filed by the generic manufacturers on various grounds, including:

- *Lack of novelty in view of US 5521184*: The opponents argued that the '184 patent disclosed various acids for formation of acid addition salts including the methanesulphonic acid. The claims 6-23 were drawn to pharmaceutically acceptable salts of the base compound. Further, the patent term extension certificate specifically mentions "imatinib mesylate (gleevec)" as the product. It was also proved by experiments that the imatinib mesylate salt inherently exists in the beta form. Given such evidence the Examiner concluded that the claims drawn to the beta form are anticipated by the prior art.
- *Obviousness*: It was argued by the opponents that the free base (imatinib) is disclosed by the '184 patent and a person skilled in the art would prepare pharmaceutically acceptable salts following the procedures outlined in the patent. Reports of the Indian Institute of Technology and Indian Institute of Chemical Technology demonstrated that the salt prepared exists in the beta form. Based on these arguments, the Examiner concluded that the '184 patent makes preparation of the salts including the mesylate salt or the beta form of the salt obvious.
- *Not patentable under section 3(d) of the Indian Patents Act*: It was argued by the opponents that since the claims are drawn to a polymorphic form of imatinib mesylate, such a polymorph is not patentable under Section 3(d), unless the polymorph shows enhanced efficacy. In reply, Novartis submitted Affidavits from technical experts comparing the relative bio-availability of the free base with that of the imatinib mesylate salt. As per the Affidavits, the bio-availability of the salt was 30% greater than the base. After a review of the evidence, the Examiner held that the Affidavits submitted do not demonstrate "enhanced efficacy" of the isomer over the known substance "imatinib".

Based on these findings, the Examiner refused the application of Novartis. The decision is subject to appeal in the High Court. The Glivec case is seen widely as an example of what is to come after the product patent regime that has been put in place by India.

INSIGHT

Landmark ruling of Delhi High Court on overlapping areas of copyright and design protection.

Under the old Designs Act, 1911, "design" was defined to mean:

"design" means only the features of shape, configuration, pattern or ornament applied to any article by way of industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958), or property mark as defined in section 479 of the Indian Penal Code (45 of 1860).

The Designs Act, 1911 was eventually repealed and replaced by a new Designs Act notified into force in May, 2001. Under the new Act, the definition of "design" was amended to the following effect (amendments shown in italics):-

"design" means only the features of shape, configuration, pattern, ornament *or composition of lines or colours* applied to any article *whether in two dimensional or three dimensional or in both forms*, by way of industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958), or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) *or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957.*

The real intent and purpose of the amended definition came up for consideration before the High Court of Delhi in an interesting set of facts in the case of *Microfibres v. Giridhar & Co. & Anr.*

The plaintiff in this case was stated to be engaged worldwide in the business of manufacturing, marketing, selling and exporting of upholstery fabrics directly or through its subsidiaries and affiliates. It claimed that on all its upholstery fabrics are printed unique and original artistic works conceptualized and drawn by and on behalf of the Plaintiff. The Plaintiff claimed that its artistic works enjoyed copyright protection in India as a consequence of the Berne and the Universal Copyright Conventions (India and the U.S. being members of the Conventions).

The upholstery fabrics manufactured and sold by the Defendants were stated to bear artistic works which were identical or colourable imitations of the Plaintiff's artistic works and thus constituted infringement of its copyright therein.

In defense, the defendants submitted:

- the plaintiff's artistic works were aesthetic, ornamental and visual textile designs and thus covered by the Designs Act, 2000;
- since the plaintiff had failed to register these under the designs law, it could not claim protection under the Copyright Act;
- the plaintiff knew that these required registration since it had obtained registration for some of its upholstery designs in the U.K.;
- the plaintiff's design registration certificates issued by the United States Copyright Office referred to the work as "fabric designs" and not "artistic works";
- the Indian Patent and Design Office gave written confirmation that the subject works were design registrable.

The plaintiff pointed out in its rejoinder that its upholstery fabric designs could not have been registered under the Designs Act, 2000 by virtue of the new provision specifically excluding artistic works and, therefore, it is entitled to copyright protection under the Copyright Act. Consequently, it argued that, the defense under Section 15 of the Copyright Act could not be raised.

Defendants replied to the plaintiff's rejoinder as follows:

- that the interpretation advanced by the plaintiff could render the law of designs redundant because each design registered thereunder would be able to trace its origin to an artistic work and thus cease to be governed by the Designs Act;

- the plea of the Plaintiff, if accepted, would be anti competitive and would throttle and stagnate the industry;
- that the legislative intent behind the old and the new law remained the same and the exclusion of “artistic works” in the new law was only by way of clarification and intended to exclude artistic works pure and simple such as paintings, sculptures and works of art;
- the statement of objects and reasons of the Designs Bill, 1999 provided that the intent was to ensure that the law does not unnecessarily extend protection beyond what is necessary to create the required incentives for design activities while removing impediments to the very use of available designs;
- the proceedings from the Parliamentary debate also showed that the Act was being amended to provide help and protecting the rights of designers;
- a hand book of information issued by the Design Office also specifically stated that to qualify for registration as a design, an article should relate to the ornamental or new shape, surface pattern, lines or colour with aesthetic look. Further, it should be applicable to any product reproducible by industrial means (Paintings / Sculptures and ‘works of art’ excluded).

Finding merit in the defense raised by the Defendants, the High Court of Delhi dismissed the Plaintiff’s suit for injunction. The following points from the judgment are noteworthy:

- For the work of the Plaintiff to qualify as an “artistic work”, it must fall within the definition of Section 2 (c) of the Copyright Act. If the attempt of the Plaintiff is only to bring it within the concept of “paintings” like those of artists like M.F. Hussain, then it is not a piece of art in the form of a painting.
- The originality is being claimed by the plaintiff on the basis of the arrangements made. However, what cannot be lost sight of is the very object with which such arrangements or works had been made. The object is to put them to industrial use.
- An industrial process has to be done to apply the work or configuration to the

textile. It is not something which has to be framed and put on the wall or would have any utility by itself.

- The two important aspects are the object with which it is made (which is industrial) and its inability to stand by itself as a piece of art. In fact, it has no independent existence of itself.
- Both under the old Act and the new Act, fabric designs on textile goods have been classified as proper subject matter of design protection by inclusion as a specific class in the Rules framed under the Acts.
- Further, the legislative intent is to provide protection for a certain period of time for commercial exploitation. Thus, while term of protection for an artistic work under the Copyright Act is longer, the term of protection for commercial exploitation as under the Designs Act is much shorter.

Based on the above, the court observed that in the present case, the configuration was made only with the object of putting it to industrial / commercial use.

The judgment does clarify that the intent and purpose of design protection is different in substance and form from that of copyright protection. While the judgment states that the exclusion of “artistic works” from the definition of design is meant to exclude paintings, sculptures and other works of art, there are still other categories of artistic works under the Copyright Act which are neither artistic works pure and simple nor design registerable. These artistic works comprise industrial drawings for functional products. As industrial drawings, these qualify as artistic works. These are not the proper subject matter of design protection because the corresponding products may be functional and lacking in aesthetic eye appealing features. It would seem inequitable that a design registerable product which does involve certain creativity has no protection in the absence of registration while a functional product with a corresponding industrial drawing is entitled to artistic copyright with its rights and privileges even without the benefit of registration.

While other jurisdictions such as the U.K. have witnessed much legislative activity to address the inequities of artistic copyright in functional products, this is one area under Indian law which would need legislative and judicial intervention at some stage.

K&S IN NEWS

Presentations and Conferences

On January 3, 2006, **Latha R Nair** made a presentation in Lucknow on the protection of geographical indications relating to handicrafts at a workshop organized by the Council of Science and Technology, Uttar Pradesh.

On January 10, 2006, **Calab Gabriel** made a presentation in New Delhi on “How to decide what to patent?” at the COMMSWARE 2006, the first international conference on Communications System, Software and Middleware.

On February 1 and 2, 2006, several members of the firm attended the 2nd Asian CLA Conference held in Bangalore. **Jyoti Sagar** spoke on ‘Legal Issues in doing M & A Transactions in India’.

On March 4, 2006, **Divya Balasundaram** made a presentation on the ‘Role of Trademarks and Designs in the Food and Fragrance Industry’ at Jiwaji University, Gwalior.

On March 11, 2006, **Calab Gabriel** made a presentation at BIOHORIZON, the national symposium on Bio-technology held at the Indian Institute of Technology, New Delhi.

On March 11, 2006, **Rajendra Kumar** made a presentation on “Strategic use of IP” before the All India Food Processors’ Association (AIFPA) in New Delhi.

On March 12, 2006, **Vivek Dhokalia** was a keynote speaker, at a Conference organized in Bhubaneswar by Indian Law Institute and the Orissa Bar Association and inaugurated by Hon’ble Justice Pasayat of Supreme Court of India, on “The Enforcement of Intellectual Property Rights in India : An Overview”.

INTA Committee membership

Latha R Nair has been selected to serve on the Publications Committee of the International Trade Mark Association for the year 2006-2007.

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This newsletter is intended to provide only information and updates of intellectual property law in India. No part of this newsletter shall be construed as legal advice. Any queries that readers may have on any of the information published herein should be directed to postmaster@knspartners.com or to K&S Partners, 84-C, C-6 Street, Sainik Farms, New Delhi - 110 062, INDIA.

