K & S partners
Intellectual Property Attorneys

INDIA

IP UPDATE

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LEGISLATIVE UPDATE

Patent Rules to be Amended

The Government of India enacted the Patents (Amendment) Act, 2005 to amend the Patents Act, 1970 and incorporate the amendments brought about by the Patents (Amendment) Ordinance, 2004. The Patent Rules, 2005 that were made to practice are yet to be revised and fresh Rules are to be notified.

The Government has recently conducted two interactive sessions on September 11 and 20, 2005 with leading patent attorneys and applicants to invite their comments before they finalize the Rules. K&S Partners also participated in the discussion.

Some of the proposals made by the attorneys to the Government are as under :

- The current three Month period (from the date of Indian filing) for completing formalities including submission of details of corresponding foreign applications and proof of right to file application be extended to six months;
- Request for examination may be filed any time from the date of Indian filing without waiting for 18-month publication of the application in the Patent Office Journal;
- Time-frame be fixed for receipt of examination reports from the Patent Office after the applicant has filed a request for examination so that the applicant is able to definitely determine when the application may be examined and granted;
- Applicant may be allowed to take an extension of time for placing application in order for grant, before or along with expiry of the extended period, instead of the current system of taking an extension within the prescribed period;
- Reduction in official filing fee, renewal fees and fees for other activities. It was proposed that extra page fee and claim fee (for over 30 pages beyond 30 and over 10 pages respectively) be done away with completely;
- Objections by examiners be supported with reasons and detailed explanation;
- Copies of prior art documents be provided to the applicant;
- Copy of specification be provided with Letters Patent Document;
- Notice of 18-month publication to be provided to applicant;
- Time period of placing application in order from the date of first official action be increased from six months to nine months and be further extendible by three months, thus, providing a total of 12 months for placing the application in order for grant.

It remains to be seen as to how many of these proposals are received by the Government and acted upon. The draft Rules are likely to be notified in October 2005 and should come into force immediately.

INSIGHT

A new .IN Domain Name Policy – A Movement Forward

In ***Satyam Infoway Ltd v. Sifynet Solutions Pvt Ltd.*** (reported in July 2004 issue of India IP Update), the Supreme Court of India held that domain names are subject to the legal norms applicable to other intellectual properties such as trademarks and would be capable of distinguishing the subject of trade/service made available to potential users of the Internet.

In the January 2005 issue of India IP Update we had reported that the Indian government has opened up the country code Top Level Domain (ccTLD), i.e., '.IN' registrations effective January 1, 2005. The said move was intended to help in establishing an Indian identity for one's business in the Internet space.

Domain Name Policy before 2005

The earlier domain name policy made it mandatory for overseas applicants to fulfill certain requirements including submission of, inter alia, a certificate of trademark registration in India or a clear availability search report from the Trade Mark Registry in India. The said policy was administered by the Centre for Development of Advanced Computing (C-DAC) (later NCST).

The above requirements were intended to prevent cyber squatting and trafficking in domain names. However, the said policy did not provide any dispute resolution mechanism of the kind available under the UDRP governed ICANN or other country code dispute resolution processes.

'.IN' Domain Name Policy

The objective of the new domain name policy which came into effect in January 2005 was:

- To encourage registration of country code domain names, especially the ccTLD (.IN) without any restrictions of location of the applicant or of requirement of local registration/ application in India.
- To establish a comprehensive dispute resolution policy to deal with bad faith registrations.

Steps taken

To implement the above objectives, the Government of India has taken steps to:

- Protect prior registered trademark owners by providing a limited 'Sunrise Window' for registration, which remained open till January 21, 2005.
- Establish a new Registry, the National Internet Exchange of India (NIXI), to replace and take over the earlier Registry, C-DAC, with effect from November 30, 2005.
- Appoint accredited private entities as Registrars, who will be responsible for providing services such as registration and renewal. All existing country code domains, including the new .IN domains, therefore, have to be transferred to the accredited registrars before November 30, 2005.
- Release an 'IN Dispute Resolution Policy' (INDRP) whose salient features are as follows:
  - ➢ Burden on the registrant to furnish correct and accurate statements in the application and not to apply for registration/ renewal of a domain name which infringes any third-party rights;
  - ➢ Provision for a legitimate right/ interest holder to seek cancellation of a registered conflicting domain name on the following grounds :
    - identity or confusing similarity to a name, trademark or service mark in which the complainant has rights;
    - that the registrant has no rights or legitimate interests in respect of the domain name; and
    - the domain name has been registered or is being used in bad faith.
  - ➢ Factors have been enumerated which shall guide in determination of 'bad faith' registration and use of a domain name including whether:
    - the registrant has registered or acquired the domain name primarily for the purpose of trafficking therein;
    - the registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the registrant has engaged in a pattern of such conduct; or
    - the registrant has intentionally attempted to attract Internet users to the registrant's website or other on line location, by creating a likelihood of confusion with the complainant's name or mark as to the source, sponsorship, affiliation, or endorsement of the registrant's website or location or of a product or service on the registrant's website or location.
  - ➢ Appointment of arbitrators who can conduct proceedings in accordance with the Arbitration and Conciliation Act, 1996 as well as the INDRP policy.
  - ➢ The registrant's rights or legitimate interests in a domain to be determined by the arbitrator based on, but not restricted to, the following circumstances:
    - the registrant's use of or preparations to use the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services, prior to being served with a notice of the complaint;
    - the registrant has been commonly known by the domain name, even if the registrant has acquired no trademark or service mark rights; or
    - the registrant is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

- Similar to the provisions of the UDRP, the policy lays down that the Registry and the Registrars shall not participate in the dispute resolution proceedings, except for providing relevant information upon the request of the arbitrator.

- The remedies available to a complainant pursuant to any proceeding before an arbitrator shall be limited to cancellation or transfer of the registrant's domain name to the complainant. Additionally, the arbitrator under the INDRP has the discretion to award costs.

Loose ends yet to be tied up

Even though the INDRP has been announced, the Government of India is yet to appoint arbitrators and other administrative functionaries. In the absence of such administrative machinery, legitimate applicants holding trademark registrations denied domain names on the ground of prior filings by third parties are left without any remedy under the INDRP. The problem is further compounded by the registrars' non-disclosure of particulars of the prior registrants. Also, there are domain names that are lying frozen with NIXI on account of lack of any award on the determination of rights of the multiple trademark owner-applicants for a common domain name.

In the background of the above, aggrieved trademark owners have been left with no option but to approach the court for injunctive and other reliefs. In one such case regarding a dispute over the domain name www.barbie.in, Mattel, Inc., proprietor of the 'BARBIE' trademark, has filed a suit before the High Court of Delhi against DirectI (one of the accredited registrars) challenging the grant of the said domain name. Based on the fact that the plaintiff is the registered proprietor of the trademark 'BARBIE', the court has passed an order to freeze the domain name and has asked DirectI to disclose the details of the registrant for the said domain.

However, the above represent only teething problems and it is hoped that the Government of India's remarkable initiative in launching the .IN ccTLD would add a new dimension to the legal framework for protection of intellectual property rights in India.

CASE LAW UPDATE

Damages awarded for violation of moral rights in artistic work

In the first issue of 'India IP Update' (April 2003), we had reported that vide an interim order, the High Court of Delhi, for the first time, held that Section 57 of the Indian Copyright Act protects the author's right of paternity and integrity which overrides the contract of assignment. The suit has since been disposed off by the High Court of Delhi and a permanent injunction has been granted in favour of the plaintiff and against the Government of India. [*Amar Nath Segal v. Union of India, 2005(30) PTC 253 (Del)*]

The plaintiff had been commissioned by the Government of India for decorating the reception walls of a prominent building housing offices of the Government of India in New Delhi. Accordingly, the plaintiff created a bronze mural sculpture which adorned the walls of the said building for a while. Subsequently, during certain renovation activities, the said mural was pulled down by the officials of the Government of India and unceremoniously dumped. When the plaintiff objected to the same, the government claimed that the author had been paid his due and as owner of the mural, the Government was the owner of the copyright in the work and it was free to do the same.

An independent inquiry initiated by the High Court of Delhi revealed that various parts of the mural were missing and it had undergone massive destruction.

Seeking guidance from the provisions of the Berne Convention for the Protection of Literary and Artistic Works, the court observed as under:

- When an author creates a work of art, certain rights accrue to him which include the right to disseminate his work (which is guided by commercial considerations), the right to have his name on a work created by him, the right of integrity and the right of retraction, i.e., the right to withdraw the work from publication;

- Section 57(1) (b) of the Copyright Act, clearly states that the author of a work shall have the right to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work … if such distortion, mutilation, modification or other act is prejudicial to his honour or reputation; and

- Section 57 needs to be interpreted widely to include destruction of a work of art, being the extreme form of mutilation since reducing the volume of the author's creative corpus affects his reputation prejudicially as being actionable under the said section.

The court held that the plaintiff had a cause of action under Section 57 of the Copyright Act notwithstanding that the copyright in the mural stood vested in the Government of India and the Government of India had not only violated the plaintiff's moral right of integrity in the mural but had also violated the integrity of the work in relation to the cultural heritage of the nation. Awarding damages to the plaintiff as compensation for loss of reputation, honour and mental injury, the court directed the Government of India to return the mural to him.

Microsoft awarded heavy damages for software copyright infringement

In a major crackdown on software infringement, the High Court of Delhi has awarded Microsoft Corporation (Microsoft) in a trademark and copyright infringement action, *inter alia*, costs and damages to the tune of approximately USD 45,000. [*Microsoft Corporation v. Yogesh Papat & Another, 2005 (1) CTMR 424*]

The Court observed that the defendants, without licence from Microsoft, were loading software and operating systems proprietary to Microsoft on the hard disk of computers being sold by them in a manner which was causing huge financial loss to Microsoft. The award of damages was based on the assumption that the defendants would have sold approximately 100 computers each year loaded with the pirated software. This order will hopefully be an eye-opener to all those who believe that software piracy is an accepted part of the computer trade.

Registration of trademark irrelevant in a passing-off action, holds High Court of Delhi.

In *Koninkijke Philips Electronics NV v. Kanta Arora & others* [2005 (1) CTMR 385], the High Court of Delhi reiterated the decision of the Supreme Court of India in the famous *Whirlpool* case [*AIR 1995 Delhi 300*] that registration of a trademark is irrelevant in an action for passing off.

In this case, the famous Dutch company Koninkijke Philips Electronics NV (Philips) had become aware of the use of the mark PHILIPS by the defendants way back in 1992 when the same was advertised in the Trade Marks Journal. The opposition filed by Philips was dismissed by the Registrar of Trademarks and even a Certificate of Registration was issued to the defendants by the Trade Mark Office despite the fact Philips appealed against Registrar's decision. During the pendency of the appeal, Philips came across certain advertisements by the defendants for pressure cookers under the mark PHILIPS. Accordingly, Philips sued the defendants for passing off and damages before the High Court of Delhi.

Philips claimed that the adoption and use of an identical trademark by the defendants in respect of cognate goods amounted to infringement of its rights in the well-known mark 'PHILIPS', and would create confusion and deception in the minds of the consuming public. Further, it was submitted that its Indian subsidiary has been manufacturing and selling a large variety of household goods including electric rice cookers, toasters, ovens, etc., under the mark PHILIPS and that it has plans to sell rice cookers and pressure cookers under the same mark.

In their defence, the defendants contended that they had been using the mark PHILIPS openly and continuously since 1984 and so long as they had statutory protection under the provisions of the Trade Marks Act, they were entitled to use the trademark. They further argued that since Philips was not selling rice cookers and pressure cookers, they could not be prevented from manufacturing and selling their products which they had been doing for many years.

The court framed two issues as under:

- Whether the defendants held a valid registration of the mark PHILIPS in their favour and could oppose the prayer for injunction against them preventing use of the mark PHILIPS use qua their products; and

- Whether the defendants could use the mark PHILIPS which is identical to Philips' mark and under which Philips had been marketing their wide range of goods including kitchen utensils.

With regard to the first issue, the court relied on the *Whirlpool* decision and held that Philips' right to seek an injunction against passing-off remains unaffected despite the registration of the mark PHILIPS in favour of the defendants and that the mere presence of the mark on the Register of Trade Marks does not prove its user by the person in whose name the same has been registered.

On the second issue, court observed that the crucial questions that arose were (i) whether the trademark in dispute had been used by Philips prior in point of time and (ii) whether the trademark being used by the defendants was identical or deceptively similar to the one used by Philips so as to create any confusion in the mind of the consuming public. Relying upon and reiterating the principles laid down in ***Diamler Benz Aktiegesellschaft & another v. Hyvo Hidustan*** (use of Benz as a trademark for underwear by the Defendant was injuncted) and ***Honda Motors Co. Ltd. v. Charanjit Singh & others*** (use of Honda on pressure cookers was injuncted), the court confirmed the injunction in favour of Philips, thereby holding that it is not unreasonable to assume that a consumer with ordinary knowledge, perception and memory is likely to believe that Philips has extended its manufacturing activities to non-electric pressure cookers also.

Directory Rules Versus Registrar's Discretion

In a recent decision, the Joint Registrar of Trademarks has clarified the contentious issue regarding exercise of Registrar's discretion in granting an extension of time to file notice of opposition and extension requests beyond the prescribed statutory period of three months.

Section 21 (1) of the Trade Marks Act, 1999, provides that '*Any person may, within three months from the date of advertisement or re-advertisement of an application for registration or within such further period, not exceeding one month in the aggregate, as the Registrar, on application made to him in the prescribed manner on payment of the prescribed fee, allows, give notice in writing in the prescribed manner to the Registrar, of opposition to the registration.*'

Further, Rule 47 (6) of the Trade Mark Rules, 2002 provides that '*An application for an extension of the period within which a notice of opposition to the registration of a trade mark may be given under sub-section (1) of Section 21, **shall** (emphasis supplied) be made ….before the expiry of the period of three months under sub-section (1) of section 21.*

In other words, while the Act allows for a notice of opposition to be filed beyond the prescribed period of three months to a further period of one month, it limits the time period in which to file an extension request for purposes of opposition to three months.

In the instant case, an opposition was filed by M/s Tommy Hilfiger Licensing, Inc. against Application No. 1076367 in class 25 for the mark TONY, along with the request for extension of time for filing the said opposition beyond the period of three months as prescribed under Section 21(1) but within the expiry of the fourth month. The question, therefore, arose as to whether the Registrar could exercise his discretion and grant the extension of time sought and, thereby, take the notice of opposition on record and proceed further with the matter.

The main issue on which the Tribunal passed its ruling was whether Rule 47(6) is to be viewed as mandatory or merely directory.

While deciding that the Rule is only directory in nature, the tribunal was guided by the following considerations:-

- That it is settled law that procedural requirements must be construed as directory in nature and not mandatory, unless the statute prescribes otherwise;
- That use of the word 'shall' in Rule 47(6) is not sufficient to treat the rule as mandatory;
- In determining the question, one must look at whether the intention of the legislature, object and scope of the enactment would be served;
- That if the Rule is considered as mandatory it would bar an entire species of cases whereby a bona fide proprietor of a trademark becomes aware of a conflicting mark after three months of publication but before the four months period, from filing a notice of opposition regardless of the bona fides or genuineness of the proprietor;
- That treating the Rule as mandatory would result in fettering the discretionary power conferred on the Registrar and would thus go against the established principles of law that discretion conferred by the Act cannot be taken away by the Rules;
- That it would cause serious inconvenience to innocent persons and the general public without furthering the objects of the Act;
- Applying the established rule of statutory interpretation of harmonious construction to the Act and the Rules, would necessitate that the Rule be read as being merely directory in nature

In light of the above, the Registrar held that Section 21 (1) when read with Section 131(1) of the Act, which enables the Registrar to grant extentions of time, permits the Registrar to extend time, even though the prescribed time has expired. Accordingly, the Registrar, considering this a fit case to exercise his discretion, condoned the delay in filing the extension request.

The above decision sets an important precedent and provides respite to *bona fide* trademark owners by extending the time period within which extension requests for filing notice of opposition may be filed.

Video-in the Witness!

In April 2001, the High Court of Delhi had confirmed an injunction by which it restrained the defendants from using the trademark/trading style/trade name RAINFOREST CAFÉ together with the tag line 'A WILD PLACE TO EAT' thereby reinforcing the recognition of the concept of spill-over reputation in well-known marks by Indian courts. The matter has since proceeded to trial.

Generally, under the Indian Civil Procedure Code, examination of a witness is to be carried out in court in the presence of the judge and the defendant's counsel. In an attempt to avoid delays and hasten up the process of trial, several amendments were introduced to the Civil Procedure Code, one of which related to filing of evidence by way of affidavits and cross-examination of the witness by a commissioner appointed by the court for such purpose.

Taking advantage of the above amendments, in course of trial of the above case, the Plaintiff, Rainforest Café, Inc., through K&S Partners, filed and successfully argued an application before the district court, Delhi for appointment of a commissioner to oversee cross-examination of the plaintiff's witness through video conferencing.

Allowing the said application, the court relied upon two judgments of the Supreme Court ***Dr. J.J. Merchant & Ors v. Shrinath Chaturvedi*** AIR 2002 SC 2931 and ***The State of Maharashtra & P.C. Singh v. Dr. Praful B. Desai & Anr.*** AIR 2003 SC 2053. In both these cases, the court clearly recognizes the advancement in technology and encourages judicial fora to take advantage of such advancement to curb delays in the process of recording evidence. The court held that evidence recorded by such means is deemed to be recorded in the presence of the witness as it does not in any manner prejudice the rights of the parties or the ability of the pleader to cross-examine witnesses, observe their demeanor and confront them with documentary evidence.

A first time of sorts, in an intellectual property matter, the plaintiff's witness who is situated in the United States of America will now be cross-examined by the defendant's counsel through video conferencing by the Delhi district court.

This order is likely to go a long way in assisting trademark owners around the world in enforcing their rights in India without the burden of incurring enormous transaction costs.

'Deemed knowledge' and Section 22 of the Companies Act, 1956.

What amounts to 'deemed knowledge' on the part of a complainant of the use by the respondent of an identical or similar corporate name? This issue came up for decision before the Regional Director, Department of Company Affairs in a petition filed under Section 22 of the Companies Act, 1956 to have the word 'TECNOVA' deleted from the respondents' corporate name.

Section 22 of the Companies Act allows a registered proprietor of a mark to institute an action for cancellation of a corporate name within five years of knowledge by the complainant of the use by the respondent of the impugned corporate name. The complainant's claim in this case was mounted on the premise that the word 'TECNOVA', forming part of the corporate name of the respondent, was identical/deceptively similar to its registered mark 'TECHNOVA'. The petition filed in September 2003, *inter alia*, alleged that till January 2003, the complainant was not aware of the existence of the respondent, which had been incorporated in 1984.

In its defence, filed through K&S Partners, the respondent submitted before the Regional Director that it had honestly adopted its name from its French collaborator. In support of the aforesaid submissions, the respondent provided documents evidencing open and continuous use of its name such as media reports including newspapers having wide circulation in the complainant's own geographical territory, documents of various chambers of commerce where both complainant and the respondent were listed since 1995 on the same page, etc. K&S Partners argued that the petition was not maintainable as it was filed beyond the five year limitation period provided under Section 22 of the Companies Act and that the evidence produced by the respondent led to a valid inference of actual/deemed knowledge about it on the part of the complainant. Further, the observation of the Supreme Court of India, that deemed knowledge or notice was to be inferred where there was in existence a registered document or in other cases where due diligence would have revealed the existence of any fact, was highlighted before the Regional Director.

The Regional Director upheld the contention regarding 'deemed knowledge' on the part of the complainant since 1995 and held that the petition was barred by limitation and refused to direct cancellation of the respondent's corporate name as well as that of its other two group companies bearing the name 'Tecnova'.

Contact: Phones: 91-11-2955 1801, 2955 1187, 2955 1621, 2955 1955, 2955 1182
Fax: 91-11-2955 2077, 2955 1889 E-mail: postmaster@knspartners.com Website: www.knspartners.com