

IP UPDATE

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Book published by K&S members

Two members of K&S Partners, **Rajendra Kumar** and **Latha R. Nair**, have written a book on geographical indications which has just been published by Lexis Nexis Butterworths, India. The book titled *Geographical Indications – A Search for Identity*, is the first work of its kind in India on the subject, covering both international and domestic aspects of protection of geographical indications.

LEGISLATIVE UPDATE

As reported in the last issue of India IP Update, the Ordinance issued by the Indian government to implement the WTO mandated amendments to its patent law was a mere interim measure. Alive to the constitutional mandate to enact a law to replace the Ordinance, the Government went into a trapeze act before the reassembly of Parliament in March 2005, seeking to strike a balance between the compulsions of international obligations and coalition politics. Eventually, the Government agreed to certain amendments to the Patents Amendment Bill to reflect concessions made to the domestic lobby. The revised Patents Amendment Bill, 2005 was introduced in Parliament on March 21, 2005. After ratification by both houses of Parliament amidst protests by the main right wing opposition, it was signed by the President of India on April 5, 2005.

While most of the provisions of the new law are carried over from the Ordinance and the earlier amendments of 1999 and 2002, the following additional amendments are noteworthy:

- The term “inventive step” bears a new definition to mean a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

The new definition has brought in two changes to the old definition, namely “a feature of an invention that involves technical advance” and “or having economic significance”.

- The term ‘pharmaceutical substance’ has been defined to mean any new entity involving one or more inventive steps.
- Under the old law, the so-called artificial exclusions from patentable subject matter included mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant. The Ordinance had substituted the words “mere new use” for “new use” and hence, any non-obvious or unrelated new use would have been considered

patentable.

Unfortunately, the new law has changed this position. Under the new law, any new use of a known substance is not patentable. Further, any new form of a known substance which does not result in the enhancement of the known efficacy of that substance is not patentable. For the purposes of this clause, it is clarified that salts, esters, ethers, polymorphs, metabolites, pure form, particle size isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered as the same substance unless they differ significantly in properties with regard to efficacy.

- Under the old law, another artificial exclusion related to a mathematical or business method or a computer program per se or algorithms. The Ordinance had created an exception to allow patentability of such computer programs per se with technical application to industry or in combination with hardware. It was hailed by the industry as a major step towards patentability of computer pro-

grams in India. Unfortunately, the new law has reverted to the old position and this exception has been done away with.

- The Ordinance provided that upon publication, an applicant would acquire patent-like rights and privileges, except for the right to file a suit for infringement, which was to accrue only on grant of patent. While the new law has retained this provision as applicable to patent applications in all fields of technology, the mail-box applications filed under the old law in respect of agrochemicals and pharmaceuticals are proposed to be treated differently.

As per the new law, mailbox patent grantees cannot file a suit for infringement against an infringer who has made significant investments and has been producing and marketing the concerned product prior to 1st January, 2005 and also continues to manufacture and sell the product covered by the patent on the date of grant of patent. The only consolation offered to such mailbox patentee in the face of such infringement is that the patent grantee can claim reasonable roy-

alty from the infringer.

- While the Ordinance had introduced a half hearted pre-grant representation by way of an *ex-parte* proceeding with only lack of novelty and inventiveness as grounds of such representation, the new law has now provided a full fledged pre-grant representation process which is a mirror reflection of the post-grant opposition proceedings. Further, the new law provides an opportunity of hearing to the representor/requestor.
- It is interesting to note that when the Bill was introduced in the Parliament, the Government had undertaken to refer two expressions namely “new chemical entity” and “micro-organisms” to a Technical Committee for proper definitions. Accordingly, a Technical Committee has since been constituted and it will invite

the views of various interested parties before providing any definition to the aforesaid terms.

- The new law also provides that compulsory licence may be granted for export of a product. Further, the law clarifies that the expression “reasonable period” within which the proposed applicant (for grant of compulsory licence) must make efforts to obtain a licence from a patent holder, prior to filing of an application for compulsory licence at the Patent Office, is “a period not ordinarily exceeding six months”.

While the new law represents India’s final march into a TRIPS compatible world-order, the above features may be viewed by the international community with much suspicion and discontent and are likely to be controversial.

INSIGHT

Sting operations: Privacy rights versus public interest?

Media is often referred to as the ‘fourth estate’ – having the fundamental duty to impartially and appropriately evaluate and report events that affect our lives. However, a debate has been brewing in India, questioning the media’s overzealous and hyperactive role in the guise of reporting news. To illustrate this, a few incidents may be highlighted.

The first of such incidents occurred in 2003 when a TV channel indulged in investigative journalism to find out how synthetic milk was produced in the capital of India. The channel claimed that in the process, they stumbled upon the details of supply of synthetic milk to a state-owned dairy by one such manufacturer. Besides being aired on its channels, the story was even published on its website by the TV channel. The programme was ostensibly aired in public interest. The state dairy sued the TV channel and in January this year, the High Court of Delhi passed an order in the matter which is discussed later in this article.

The next incident involved an isolated gay murder in the capital city which was insensitively and brutally dissected by the press for days on end where they went into the details of the victim’s nocturnal life.

Then there was the incident involving a top actress and actor of Mumbai’s film industry being photographed kissing in a restaurant of a five-star hotel. Publication of the photographs in the following day’s tabloids evoked sharp reactions from the actress and the actor.

The latest incident is again a ‘sting operation’ carried out by a TV channel to expose the so-called ‘casting couch’ in Mumbai’s film industry ensnaring upcoming actors and actresses to extend sexual favours in return for a role. An erstwhile actor known for his roles as a villain as well as a well-known TV anchor were filmed off guard demanding sexual favours from a young woman journalist of the TV channel posing as an aspiring actress before them.

These incidents have sparked off a debate as to how and how much the media may poke its nose into others’ affairs. In the recent order passed by the High Court of Delhi in the first case mentioned above (*Mother Dairy Foods & Processing Ltd. v. Zee Telefilms Ltd*), the court has commented in detail on the do’s and don’ts of journalism. However, the state dairy was not granted any injunction against the TV channel in the matter. To quote from the order:

The media has been a zealous guardian

K&S NEWS

CLA India Travelling Fellowship Award won by K&S member

Latha R. Nair won the CLA (Computer Law Association) India Travelling Fellowship at the CLA First International Asian Conference held in Bangalore on February 1 & 2, 2005. The award, sponsored by four European law firms – CMS Hasche Siegle (Munich), Kahn Associés (Paris), Lovells (Munich/London) and Dr. Widmer & Partners (Berne) – enables the winner to intern with these law firms for a period of eight weeks, later in the year.

Presentations, lectures and conferences attended

- **Ravi Bhola** made a presentation on ‘Novelty and Non-obviousness in Patents’ at a patent awareness workshop organized by the Technology Information Forecasting and Assessment Council (TIFAC) at the University of Kashmir on January 18, 2005.
- **Calab Gabriel, Jyoti Sagar, Latha R. Nair** and **Abhayan Jawaharlal** attended the CLA First International Asian Conference 2005 held in Bangalore on February 1 and 2, 2005. Jyoti Sagar was a panelist at the discussion on ‘M&A in the Global Environment – A Cross Border Dialogue’.
- **Vivek Dhokalia** attended the INTA – IPOS (Intellectual Property Office of Singapore) South East Asian Conference in Singapore on 3 and 4 March, 2005.
- **Latha R. Nair** made a presentation on ‘Protection of Geographical Indications’ at an IP awareness workshop organized by the Ministry of Small Scale Industries in Faridabad on March 4, 2005.
- **Rajeshwari Hariharan** made a presentation on ‘Novelty and Inventiveness in Patents’ at a conference organized by TIFAC in Gwalior on March 8, 2005.
- **Calab Gabriel** was a moderator at the International Workshop on IP litigation organized by the Confederation of Indian Industry and the India Project of the George Washington University Law School held in New Delhi on March 16, 2005.
- **Calab Gabriel** attended the Venture Showcase on ‘Techno-Business Opportunities in Emerging Technologies’ on March 17, 2005.
- **Rajeshwari Hariharan** attended a conference in Goa on March 20, 2005 sponsored by the Goan Pharmaceutical Manufacturers Association on ‘TRIPS and Pharmaceuticals’ and made a presentation on Patents and Pharmaceuticals.
- **Calab Gabriel** made a presentation on the ‘Patents (Amendment) Rules, 2005 and its Impact on Prices of Pharmaceuticals’ at NIPER, Chandigarh on March 22, 2005.

of freedom of expression and speech. It has a right to comment vigorously and fearlessly especially on matters of public interest. Recent times witnessed a tendency to make news sensational and full of hype, following the edit 'News is what Sells'... This raises the issue of accountability and responsibility of media to its readers and the public in general ... In the temptation to sell stories, what is presented is what 'public is interested in' rather than 'what is in public interest'. Recent example of the above is prime space and headlines following an isolated gay murder for days together in national dailies. Unethical journalistic activity, muckraking or deceit will undermine public trust in media and without that relationship of trust, democratic function of journalism cannot be fulfilled ... Where reporting turns away from the goal of truth and journalists treat events as open to many interpretations, according to their prejudices, assumption, news agenda or the commercial drive towards entertainment, the justification and self-confessed rationale of journalism threatens to disappear. Let us consider the above aspect of adherence to journalistic norms, as noted above, qua the programme telecast.

Having observed so, the court pointed out that although the defendant TV channel's efforts in unearthing and highlighting the menace of manufacture of synthetic milk and its supply was undoubtedly for the public good, no serious efforts had been made or research done by the defendant to find out the actual extent or quantity of synthetic milk produced. The court further pointed out that any exaggeration or sweeping comments on subjects concerning health and the quality of commodities of human consumption could cause immense harm to the public and psyche of the masses. Without estimating the extent of the operations and the quality of synthetic milk allegedly being produced, the programme, according to the court, lacked objectivity. It pointed out that the media as part of its responsibility and accountability to the public and its readers should eschew sensationalism, exaggeration and sweeping comments, especially in matters of food and public health.

This case did indeed have an element of public interest in it as it concerned public health. However, the other three incidents mentioned above appear to be more inclined towards 'what the public is interested in' rather than 'public interest'. The debate doing the rounds in the light of the latest sting operation raises two issues, namely, whether the manner in which the exposé was done was justified and whether it was in public interest.

Indian case law on publicity and privacy rights is not well developed. However, this recent decision of the High Court of Delhi discussed above indicates that India is indeed moving with the world. This, however, is not the last word in the debate on the topic!

The recently decided Naomi Campbell case by the House of Lords, UK also raised similar issues. In that case, Naomi Campbell, a famous fashion model, gave wide publicity, in interviews with journalists and on TV, to a claim that (unlike many of her colleagues in the fashion world) she had not succumbed to the temptation to take drugs. In January 2001, the *Mirror* obtained information that Campbell had acknowledged her drug dependency by going regularly to meetings of Narcotics Anonymous (NA) for help in ridding herself of the addiction. It was told that she would be going to a meeting at an address on King's Road. The *Mirror* sent a photographer to wait unobtrusively in a car. As she left the meeting, he took a couple of photographs of her on the pavement.

On February 1, 2001 the *Mirror* published an article on the front page under the headline: 'Naomi: I am a drug addict'. It was accompanied by one of the photographs. The article said that she was attending NA meetings in a 'courageous bid' to beat her addiction. She had been 'a regular at counselling sessions for three months often attending twice a day'. It described her dress (jeans and a baseball cap) and said that later the same day she made a 'low-key entrance' at a 'women only' gathering. A source was quoted as saying that it was easy in the fashion world to be led astray but that 'Naomi has realized that she has a problem and has bravely vowed to do something about it'. There was another picture published of her in the doorway of the house in which the meeting took place. The same day, Campbell issued proceedings for damages for 'breach of confidence and/or unlawful invasion of privacy'.

On its part, the *Mirror* raised the defence that because of the publicity Campbell had given to her claim that she had 'never had a drug problem', it was entitled to publish that she was an addict and that she was now attempting to deal with it.

The Court of First Instance upheld Campbell's claim and made a modest award of £2,500 plus £1000 in aggravated damages in respect of both claims. The *Mirror* appealed. The Court of Appeal allowed the appeal and discharged the judge's order. Campbell appealed to the House of Lords. By a split 3:2 opinion on May 6, 2004, the House of Lords allowed the appeal. In both the minority and majority opinion this case concerned one aspect of invasion of privacy: wrongful disclosure of private information. To consider whether the information disclosed by the *Mirror* was private, it was split

in five categories to mean:

- (1) the fact of Campbell's drug addiction;
- (2) the fact that she was receiving treatment;
- (3) the fact that she was receiving treatment at NA;
- (4) the details of the treatment – how long she had been attending meetings, how often she went to them, how she was treated at the sessions themselves, the extent of her commitment, and the nature of her entrance on the specific occasion; and
- (5) the visual portrayal of her leaving a specified meeting with other addicts.

The majority opinion accepted that there was a distinction between the first two and the last three categories. The fact that Campbell was a drug addict was open to public comment in view of her denials. The fact that she was receiving treatment for the condition was not in itself intrusive in this context. However, the information identified in categories (3) and (4) regarding the details of her attendance at NA and the therapy for drug addiction would fall within the domain of private information which imported a duty of confidence.

The following observations of the majority opinion are noteworthy:

There is no doubt that the presentation of the material that it was legitimate to convey to the public in this case without breaching the duty of confidence was a matter for the journalists. The choice of language used to convey information and ideas and decisions as to whether or not to accompany the printed word by the use of photographs, are pre-eminently editorial matters with which the court will not interfere ... But decisions about the publication of material that is private to the individual raise issues that are not simply about presentation and editing. Any interference with the public interest in disclosure has to be balanced against the interference with the right of the individual to respect for their private life. The decisions that are then taken are open to review by the court.

And it is hard to see that there was any compelling need for the public to know the name of the organization that she was attending for the therapy, or for the other details of it to be set out ... The decision to publish the photographs suggests that greater weight was being given to the wish to publish a story that would attract interest rather than to the wish to maintain its credibility.

CASE LAW UPDATE

Infringing use of TIME injuncted

In an action filed by Time Incorporated (*Times Incorporated v. Lokesh Srivastava & Anr.*), the High Court of Delhi injuncted a defendant from printing, publishing and distributing a magazine *Time Asia Sanskaran* with the legend 'Now in Hindi also a, News Magazine of International Standards'. Besides using the name 'Time' as part thereof, it also had a red border, as in *Time* magazine, on its cover. While issuing the injunction, the court held that the plaintiff had proprietary statutory and common law rights in the words Time and Time Asia and the distinctive red cover design and that the use by the defendant of the name *Time Asia Sanskaran* infringed the trademark/trade name and copyright in cover design of its magazine *Time Asia*.

The court pointed out that a comparison of the plaintiff's magazine and the defendant's magazine clearly showed that the latter was a slavish imitation of the plaintiff's reputed trademark/trade name as well as cover design, all of which enjoy enormous goodwill, reputation and recognition in trade as well as among the general public. The defendant's effort was to make undue enrichment by creating confusion and deception in the trade as well as among consumers and attract advertisements for its magazine and have a higher circulation.

This case also assumes significance because on the issue of damages it was observed that in cases of infringement of intellectual property rights, the courts should not only grant compensatory damages but also award punitive damages with a view to discourage and dishearten law breakers who indulge in violation with impunity. The plaintiff had claimed, inter alia, damages in the region of Rs 12,50,000 (approximately US\$25,000) and punitive and exemplary damages to the tune of Rs 5,00,000 (approximately US\$10,000). While awarding Rs 5,00,000 as punitive damages, the court observed that had the claim been higher, it would not have hesitated in awarding the same. However, on the issue of awarding damages of Rs 12,50,000 on account of illegal profits earned by the defendant, the court observed that the same could not be awarded as the plaintiff had not succeeded in proving how and on what basis these damages were calculated.

This order represents a growing jurisprudence in India on the issue of damages for violation of intellectual property rights and would eventually act as a deterrent to infringement.

FX Channel loses trademark case

In the case of *Twentieth Century Fox Films Corporation v. ASC Enterprises Limited*, the plaintiff filed a suit for passing off and unfair competition against the defendants to injunct them from launching their Direct to Home services under the mark FX. The plaintiff claimed that it had proprietary rights in the mark FX in relation to its TV channel which it had been airing since 1994 in the United States of America and the United Kingdom. The plaintiff's FX mark was registered in India and the FX channel had been extensively advertised in India through various media.

Though the defendants contended that FX was a highly descriptive term and nobody could have monopoly over it and that the plaintiff could not claim goodwill and reputation in India by the mere fact of advertisements in foreign magazines, they agreed to alter their mark to MX and also use their house mark ZEE along with it to avoid confusion.

The plaintiff did not agree to the logos proposed by the defendant and wanted a decision on merits. Comparing the two marks, the court observed as under:

- The plaintiff's mark FX is preceded with another caption showing two searchlight beams in the skies which can be construed as the letter X. The defendant's mark has no such beam;
- The letters F and X in the plaintiff's mark are of the same size. The letter X is not only larger than M in the defendant's mark but the crossing of X is angled;
- The mark FX has no other notations. The defendant's logo is overwritten by a brown colour letter Z which is inscribed by the logo ZEE.

The court held that a close perusal of the logos submitted made it clear that there was no possibility of confusion or deception of any kind whatsoever between the two marks and the plaintiff was not entitled to a grant of interim injunction in its favour.

Delhi High Court upholds protection for well-known Swedish mark 'ABSOLUT'

In *V&S Vin Spirit AB v. Kullu Valley Mineral Water Co.*, the plaintiff, registered proprietor of the mark ABSOLUT in India in respect of vodka, filed a suit to restrain the defendants from using the mark KVMW ABSOLUTE for club soda and packaged drinking water.

The plaintiff's case was mounted on the following facts:

- It had been marketing the alcoholic beverage vodka under the name ABSOLUT which was coined in 1879;
- The mark ABSOLUT has been used outside Sweden since 1979;
- Since 1988 ABSOLUT vodka has been selling in India through duty-free shops;
- In many countries ABSOLUT is registered for mineral and aerated water;
- The said mark is known internationally and enjoys transborder reputation.

The defendant argued that the mark used by it is not ABSOLUT but 'Kullu Valley Mineral Water Absolute' of which 'absolute' was only a part. It also argued that the product marketed by it was mineral water, which did not qualify as a beverage.

The court observed that a visual perusal of the defendant's product demonstrated that the label bears a logo KVMW on the top left-hand corner and the words ABSOLUTE written in much larger script. The court also dismissed the argument that the goods of the rival parties were different. On this issue the court held that the concept of intellectual property rights cannot be construed pedantically and if an association of the parties' products, especially in respect of cognate products, is evident from the defendant's products, then a mere plea that products fall within different classes cannot be availed.

Granting injunction, the court took into account the ratio of the Supreme Court of India in the celebrated *Whirlpool* case which recognizes the transborder nature of reputation and goodwill and how a plaintiff may assert and enforce these rights in India even in the absence of any physical availability of its products within the borders of India.

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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)

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