



I N D I A

Intellectual Property Attorneys

IP UPDATE

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Keeping pace with technological advancement, several judgments of various **High Courts in India** have ratified the stand that internet domain names are regulated by the same legal norms that regulate other forms of intellectual property such as trademarks.

Satyam Infoway Ltd. vs. Siffynet Solutions Pvt. Ltd.

An appeal from the order of the **High Court of Karnataka** has presented the **Supreme Court of India** with the opportunity to consider the issue whether domain names may be treated on par with trademarks. The appellant, **Satyam Infoway** was incorporated in 1995 and holds several domain name registrations such as www.sify.net, www.sifymall.com, www.sifyrealestate.com, etc. The word 'sify' is a coined word using elements of the appellant's corporate name Satyam Infoway.

In the year 2000, the respondent, **Siffynet Solutions Pvt. Ltd.**, started internet marketing under the domain names www.siffynet.net and www.siffynet.com. The appellant served the respondent with a notice to cease and desist from carrying on business in the name of Siffynet Solutions Pvt. Ltd. and to transfer the domain names. Since the respondent did not comply, a suit was filed in the District Court along with an application for temporary injunction, which was allowed on the grounds of prior user, reputation and goodwill enjoyed by the respondent. The respondent appealed to the High Court, which allowed the appeal and held that the respondent's business consisted of business other than that undertaken by the appellant and that the finding on the reputation and goodwill in the appellant's name was not based on relevant factors.

The first issue that arose before the Supreme Court was whether a domain name could be said to be a word or name capable of distinguishing the subject of trade or service made available to potential users of the internet. **The Supreme Court pointed out that though domain names were conceived primarily to serve as addresses for internet communication, increasing commerce and trade through the Internet have led domain names to serve as identifiers of the business and service associated with the proprietor of a domain name. In these circumstances, the court found that domain names had acquired the characteristics of a trademark.**

The next question that came up for consideration was whether the principles of passing off could be applied in the context of domain names. The court pointed out that an action for passing off was to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. **Since domain names now perform the function of distinguishing the subject of trade of one domain name user from that of another, the court felt that they have acquired characteristics of a trademark, and could be the subject of an action for passing off.** The Court further pointed out that the visual and phonetic similarity between the key elements, 'sify' and 'siffy' could not be ignored by peripheral additions.

Allowing the appeal, the court pointed out that the inability of the respondent to give a satisfactory explanation for having adopted the visually and phonetically similar term, 'siffy' coupled with the firmly established reputation of the appellant, were *prima facie* sufficient to conclude malafides on account of the respondent in adopting the infringing domain name.

LEGISLATIVE UPDATE

I. The Protection of Plant Varieties and Farmers' Rights Rules, 2003

To provide for the establishment of an effective system for protection of plant varieties, rights of farmers and plant breeders, the Indian Parliament enacted the Protection of Plant Varieties and Farmers' Rights Act, 2001. The relevant Rules for implementing this Act have since been framed and notified on September 12, 2003.

Salient Features:

- The Act is to be implemented by an Authority called Protection of Plant Varieties and Farmers' Rights Authority (the Authority) whose head office would be located at New Delhi, with branch offices at places as deemed necessary.
- It has been proposed that a National Register of plant varieties would be maintained by the Authority. The register would include particulars of registered varieties such as breeders, description of variety, term of protection, details for acquiring propagating materials/seeds of the variety, parental material used for development, contributors of genetic material, country of origin, results of distinctiveness, uniqueness and stability (DUS) testing, details of benefit-sharing, opposition, priority details if any, etc.
- Extant varieties can be registered within three years from the date the Act is triggered into effect although it may be possible to register extant varieties even thereafter upon showing sufficient reasons.
- The application for registration of a plant variety may be made to the Authority including particulars such as

name of variety, source of parental line, or name of variety used to develop the variety in question, essential characteristics conferring distinctiveness, denomination and geographical location of the variety and claims. The application can be made by the breeder or his assignee.

- After the application is filed, it will be examined by the Registrar. The Registrar would be entitled to conduct novelty and DUS tests besides special tests on each variety. The DUS testing may be field and multi-location based for at least two crop seasons and at two locations with the special tests being laboratory-based. Special tests are to be conducted only when the variety fails distinctiveness.
- A variety would be deemed novel if it has not been sold or otherwise disposed of in India earlier than one year of filing of the application or outside India in case of trees or vines earlier than six years, or in any other case earlier than four years.
- The application form for testing along with the prescribed fee of Rs.50,000/- (approximately US\$ 1000) must be deposited for purposes of enabling the Registrar to conduct the tests.
- Except for essentially derived varieties, DUS tests would be necessary for any new variety. The manner of testing in respect of essentially derived varieties shall be decided by the Authority on case to case basis. The Authority shall notify methods of conducting the DUS and special tests. Samples of seeds or propagating material are to be deposited at the National Gene Bank.
- After the successful conduct of the tests, the application may be accepted by the Registrar and advertised in the Gazette. The contents of the advertisement shall include passport data of the parental material, description of the variety, essential characteristics of the variety, photographs and drawings and claims.
- Any interested person may oppose registration of the plant variety, within three months from the date of advertisement.
- If the opposition is dismissed or if no opposition is filed, the Registrar shall issue a certificate of registration which will be valid initially for nine years in case of trees and vines and six years in

case of crops. This may be renewed from time to time for a maximum period of

- 18 years in case of trees and vines;
- 15 years in case of extant and other varieties.
- After a variety is registered, the fact of its registration shall be advertised in the Gazette to invite claims for benefit-sharing. Any person or firm or non-governmental organisation may make a claim for benefit-sharing within six months from the date of such publication which may be extended by the Authority in special circumstances. The benefit-sharing claim may include particulars of the contribution made by the person or a group of persons concerned and the commercial viability of the actual market performance of the variety registered.
- The registered breeder may either accept the claim or file an opposition to this claim. Before granting the amount of benefit-sharing to a claimant, the Authority shall take into account extent of use of the material in development of the variety, commercial utility and demand in the market.
- The amount of benefit-sharing determined by the Authority shall be deposited by the breeder in the National Gene Fund.
- Farmers are entitled to sow, save, use re-sow, exchange, share or sell their farm produce including seed of a variety registered under the Act, although they are not permitted to sell the same as a branded seed variety.
- Farmers or group of farmers may make an application for compensation providing particulars such as contribution of his variety to the development of the registered variety. The Authority shall after hearing the breeder of the registered variety, award such compensation as it may deem fit, to the farmer.
- Within three years from the date of issuance of certificate of registration of variety, an interested party may apply for a compulsory licence which may be granted if reasonable requirements of the public for seeds or other propagating material of the variety have not been satisfied or the seeds/propagating materials are not available to the public at a reasonable price.

Although enacted by the Parliament, this law is not yet notified into force.

II. The Biological Diversity Act, 2002

To fulfill its obligations under the Convention of Biological Diversity, conserve biological resources, enable their sustainable use, provide for equitable benefit sharing and check bio-piracy of the biological resources and knowledge, the Indian Parliament passed the Biological Diversity Act, in December, 2002. Certain provisions relating to establishment of the National Biodiversity Authority were notified on 1.10.2003. Recently, on 15.4.2004, the Rules elaborating the procedures prescribed by the Act have also been notified.

However, the Act is still not in force since the substantive provisions of the Act have not been brought into effect.

Salient Features:

Some important definitions under the Act are listed below:

- **Biological Diversity** has been defined to mean the variability among living organisms from all sources and the ecological complexes of which they are a part and includes diversity within species or between species and of eco systems.
- **Benefit Claimers** means the conservers of biological resources, their by-products, creators and holders of knowledge and information relating to the use of such biological resources, innovations and practices associated with such use and application.
- **Biological Resource** is defined as a plant, animal, microorganism or part thereof, their genetic material and by-product (excluding any value added product) with actual or essential use or value, but does not include genetic material of human beings.
- **Bio-survey** means survey or selection of species, sub-species, genes, components and extract of biological resource for any purpose and include characterisation, inventorisation and a bioactive assay.
- **Value-added Product** is defined as a product which may contain portions or extracts of plant and animal in unrecognizable and physically inseparable forms.
- **Commercial Utilization** means end-user to biological resources for commercial utilization such as drugs, industrial enzymes, food flavours, fra-

grance, cosmetics, emulsifiers oleoresins, colourization extract and genes used for improving crops and live stocks through genetic intervention. It excludes conventional breeding or traditional practices used in agriculture, horticulture, poultry, dairy-farming and animal husbandry.

Provisions of the Act & Rules:

While the National Biodiversity Authority (NBA) is proposed to be set up under the Act to oversee and supervise the provisions of the Act at the national level, a similar body called the State Biodiversity Board (SBB) is proposed to be set up at the state level. The Biodiversity Management Committees (BMC) envisaged under the Act is to operate at the local level. The NBA is to coordinate with each of these bodies.

- As the main objective of the Act is to preserve, regulate and manage biological resources for sustainable use, it prescribes that all activities using biological resources and knowledge be routed through the NBA. Such activities include research, commercial activities and bio-survey of biological resources or knowledge associated thereto by non-Indians, non-resident Indians and bodies with foreign equity. These may be undertaken only with the prior approval of NBA. An application to conduct such activities will be made in Form 1 along with a fee of Rs.10,000 (approximately US\$ 200). The Authority, after consultations, may dispose of the application within a period of six months from the date of its receipt. The approval granted by the Authority will be in the form of an Agreement with the Applicant and would include:
 - Description of the biological resources and traditional knowledge including accompanying information.
 - Intended use of biological resources (research, commercial utilization, breeding, etc.).
 - Conditions under which Intellectual Property rights may be sought.
 - Quantum of monetary benefits and perhaps a commitment to enter into a fresh Agreement if the biological material is used for research initially and later for commercial purposes.
 - Prohibition on transfer of biological resources and traditional knowledge to a third party without approval of the Authority.
- Guarantee to deposit a reference sample of the biological material with an appropriate repository.
- An undertaking to submit to the Authority regular status report of research and other developments regarding use of the biological material.
- Commitment to facilitate measures for conservation and sustainable use of biological resources.
- Commitment to minimize environmental impact of collecting activities.
- Collaborative research projects between an Indian and a non-Indian, including between institutions would be subject to policy guidelines and approval of the Government.
- Indians and Indian bodies are required to intimate SBB prior to undertaking commercial utilization, bio-survey of biological resources occurring in India.
- Transfer of results of any research to non-Indians and bodies with foreign equity are also subject to prior approval of NBA, who may impose benefit-sharing fee or royalty or both. The approval granted by the Authority shall be in the form of an Agreement defining the terms and conditions of use of the biological material.
- Contravention of the provisions of the Act is an offence, punishable with fine up to Rs. 1,000,000 (approximately US\$ 20,000) or imprisonment or both. The offences under the Act are cognizable and non-bailable. NBA and SBB are empowered to initiate actions for such contravention. As regards benefit sharing, the Authority shall from time to time notify guidelines describing the benefit-sharing formula, including the provision for royalty, joint venture, technology transfer, product development, education and raising and awareness raising activity, venture capital funds, etc. The Authority shall also monitor the flow of benefits in a manner determined by it.
- Practitioners of indigenous medicine are exempt from permissions or approvals and are entitled to receive rewards for utilization of resources and knowledge by applicants under the Act.
- Intellectual property rights, whether obtained in or outside India, for inventions based on research or biological resources obtained from India, are subject to prior approval of the NBA. For patents, permission may be obtained after acceptance but before grant thereof. The NBA may impose benefit-sharing fee or royalty or both. The approval shall be in the form of an agreement defining the terms and conditions of use of the biological materials.
- The Authority may restrict or prohibit access to biological resources in case of endangered taxa, endemic or rare species, or if the access may result in adverse environment impact, cause genetic erosion, use of resource for a purpose contrary to national interest etc.
- NBA and SBB are empowered to take steps for protection of threatened species, development of biodiversity heritage sites and repositories and so on.
- The approval granted by the Authority may be revoked:
 - if the grantee has
 - violated any provision of the Act or any conditions of approval;
 - failed to comply with the terms of the agreement;
 - failed to comply with the terms and conditions of access;
 - or if it promotes
 - any conditions overriding public interest or protection of environment and conservation of biological diversity.

As stated earlier, the above law is not yet fully operational since substantive provisions have not been brought into force as yet.

Rush at the Patent Office!

A provision in the Patent Amendment Act, 2003 which mandates that a request for examination of a patent has to be made within 48 months of its filing caused a veritable stampede at the Patent Office.

Since applications filed before the Amendment Act and already older than 48 months were hit by this provision, a 12-month grace period was granted for these applicants. The said 12-month period ended on May 21, 2004 resulting in a heavy rush at the four Patent Offices.

Over 10,000 such requests were filed in New Delhi alone!

Amazon.com Inc vs. Sharayu Books & Music Pvt. Ltd.



In May 2004, **Amazon.com Inc** filed a suit before the **High Court of**

Delhi, through K&S Partners, seeking an order of permanent injunction restraining the use of the mark AMAZON by a Mumbai based company, **Sharayu Books & Music Pvt. Ltd.** (Sharayu). Sharayu was using the mark AMAZON in relation to their bookstore services in Mumbai.

Amazon.com's case was that they enjoyed exclusive proprietary rights and goodwill attached to the marks AMAZON and Amazon.com and that these marks were regarded as famous marks based on the extent of their use and registrations. Given this, Amazon.com argued that the use by Sharayu of the mark AMAZON in respect of their bookstore services without any authority or license from Amazon.com, constituted infringement of their statutory rights in the registered Amazon.com mark. Further, Sharayu's actions amounted to passing off since such use carried with it a misrepresentation that the source of Sharayu's services was the same as the source of those offered by Amazon.com.

Pending disposal of the suit for permanent injunction, the High Court of Delhi granted an *ex parte* injunction restraining Sharayu from using the word Amazon as their trademark or trade name. Sharayu has since ceased from using the AMAZON mark on its facade, products, carry bags, price stickers, bill board, visiting cards, cash memos, etc.



Dabur India Ltd. vs. Emami Ltd.

This case involved the issue of disparagement or defamation by the defendant of the plaintiff's product in a TV commercial. The product involved was *chyawanprash*, the generic name of an ayurvedic formation, known to build resistance and strength.

While the plaintiff **Dabur India Ltd.** has a market share of 63% in India for its *chyawanprash*, the defendant's market share is only 12%. The plaintiff filed the present suit before the **High Court of Delhi** objecting to a TV commercial aired by **Emami Ltd.** The commercial claimed that consumption of *chyawanprash* during summer is not beneficial and hence unnecessary. The plaintiff contended that this had a disparaging effect on the reputation of its product. In defense, Emami Ltd. maintained that the statement in the commercial was a general statement with respect to a generic product such as *chyawanprash* and was not directed to the plaintiff's product. Since the plaintiff could claim no exclusivity regarding the product, the commercial was not disparaging in any manner whatsoever to the product of the plaintiff.

Considering the rival contentions and the precedents, the court pointed out that while advertising one may make sweeping statements about the advantages and features of one's own product and even engage in comparative advertising to highlight one's strengths; however, this does not allow for engaging in negative campaigning which disparages the products of a competitor, amounting to defamation. The court further observed that in view of the fact that the plaintiff held the largest market share in the said product, even though

the defendant's commercial contained no specific reference to the plaintiff's product or brand, a statement discouraging and disparaging the use of the product of the largest market shareholder, would certainly affect its sales and hence must be disallowed. The defendant was accordingly enjoined. The case is another milestone in the comparative advertisement jurisprudence in India.

Pepsico Inc. & Others vs. Sunrise Beverages



Pepsico Inc filed a case against a local manufacturer of soft drinks who was using the marks **7th UP** and **Seventh UP** in respect of its soft drinks. Pepsico Inc has been using the famous registered marks **Seven UP** and **7UP** in India since 1990.

Besides trademark registrations Pepsico also relied upon the copy-right in the artistic work in these distinctive logos. Pepsico alleged, *inter alia*, that the adoption and use of the marks 7th UP and Seventh UP by the defendant not only constituted violation of its statutory rights but would also cause confusion in the minds of the general public in as much as the marks adopted were visually and phonetically similar to its registered trademarks.

Further, it was argued that such use constituted misrepresentation in the course of trade to the consumers, which had led to the confusion and deception as to the origin and source of the product. Such confusion could be two-fold namely, that the defendant's product belonged to the plaintiff or that the defendant was connected with the plaintiff.

In defense, the defendant argued that it had a presence in India since 1983 whereas Pepsico was in India only since 1990. The court found the contention to be untenable as only one advertisement was placed on record to prove this, and that too was not published by the defendant.



The court found the action to be in favor of Pepsico for the following reasons:

- In an earlier case of Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd, the Supreme Court had ruled that public interest would support lesser degree of proof showing confusing similarity in case of a trademark in respect of medicinal products as against other non-medicinal products because confusion in the field of medicines may be fatal and could have disastrous effects. The court felt that a similar scrutiny may be required in the case of food and drinks as well. Also, since the products of Pepsico are sold globally and have high standards of quality, their reputation is likely to suffer by the acts of sale by the defendant of products which may not meet such standards.
- The plaintiff's products have been on sale in India since 1962 through the embassies and Pepsico is therefore, a prior user.
- The phonetic similarity of the competing marks could lead to passing off of the defendant's products as and for that of the plaintiff's.
- Such similarity is borne out by various factors such as degree of resemblance between the marks, nature of goods, class of purchasers, channels of trade, etc.

Based on this, Pepsico was granted an injunction