

# IP UPDATE

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## Deposition of Biological Material Made Mandatory in Some Cases

Under the new patent law, if an application mentions biological material in the specification which may not be described fully and particularly and if such material is not available to the public, the applicant should deposit the material in a depository recognised by the Budapest Treaty before filing the application in India.

Further, the source and geographical origin of such material should also be disclosed in the specification.

In this issue we comprehensively showcase the Indian Trade Marks Act, 1999 which has been notified into effect on September 15, 2003. We have covered the salient features of the new law extensively – this includes several changes therein such as service mark registrations, multi-class applications, trade mark protection for shape of goods, etc.

While the full text of the new Act can be downloaded from the link <http://www.indialawinfo.com/bareacts/TM.html>, the Trade Mark Rules, 2002 are available at [www.tmrindia.com](http://www.tmrindia.com)

This issue also discusses, *inter alia*, a significant judgment on the 'idea' versus 'expression' dichotomy in copyright law involving the famous literary work *A Woman of Substance* by the celebrated author Barbara Taylor Bradford.

We look forward to your comments and suggestions.

Sincerely,



Kenneth D. Benjamin

## LEGISLATIVE UPDATE

### The Trade Marks Act, 1999

In keeping with India's obligations under the TRIPS Agreement, the Trade Marks Act, 1999 has come into force effective September 15, 2003. The salient features of the new law are as follows:

- **Registrable Subject Matter**

The definition of 'mark' has been expanded to include 'shape of goods and packaging'. It is permissible to register such three dimensional marks subject to the following exclusions:

- the shape which results from the nature of the goods itself;
- the shape which is necessary to obtain a technical result;
- the shape that gives substantial value to the goods or in other words any shape where aesthetic considerations are likely to influence consumer demand.

- **Service Marks**

Registration of service marks has been introduced in connection with the provision of services in relation to any industrial or commercial matter covering diverse areas including banking, communication, financing, insurance, chit funds, real estate, transport, storage, material treatment, hotel industry, conveying of news or information, electrical or other energy, entertainment and advertising.

Under the law, the classification of services is based on the Seventh Edition of the International Classification of Goods and Ser-

vices which had 42 classes. Accordingly, the Act provides for registration of service marks in classes 35 to 42.

- **Well-known Trade Marks**

The Act specifically defines a well-known trade mark as a mark which has become familiar to a substantial segment of the public which uses such goods or services; that the use of such a mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the goods or services.

### The Geographical Indication of Goods (Registration & Protection) Act, 1999

The Act was notified into force on September 15, 2003. This makes it possible to now register geographical indications in India.

Salient features of the Act were covered in the first issue of **India IP Update** (April - June 2003). For more information do get in touch.

### ● Multi-class Applications

It is permissible to apply for registration of a mark in several classes of goods/services by means of one single application.

### ● The Register of Trade Marks

The distinction between Part A and Part B has been done away with and replaced by a single Register of Trade Marks.

### ● Relative Grounds for Refusal of a Trade Mark

Under the old law, unless justified by honest concurrent use or other special circumstances, no mark which was identical with or similar to a registered trade mark and sought to be registered in respect of identical goods or goods of the same description was registrable. The new law provides the following additional grounds for refusal:

- marks which are identical with or similar to earlier trade marks (registered or unregistered) and relate to identical or similar goods covered by the earlier marks provided likelihood of public confusion or association with the earlier mark exists.
- marks which are identical with or similar to earlier trade marks which are registered and relate to goods or services not similar to those covered by the earlier mark provided the earlier mark is a 'well known trade mark' in India and use of the mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier mark.

### ● Term of Registration

The duration of registration and its subsequent renewal/s has been enhanced from the current seven years to 10 years.

### ● Certification Mark

The Registrar of Trade Marks is vested with the sole authority to vet the regulations and decide, one way or the other, a certification trade mark application. Under the old law, this power was vested in the Government of India. This new provision will facilitate speedier disposal of certification mark applications.

### ● Collective Marks

A new category of marks has been introduced to protect a mark which distinguishes the goods or services of members of association of persons from those of others.

### ● Defensive Marks

Since the new law recognises well-known marks, the defensive mark system has been done away with.

### ● Convention Countries

The law contains specific provisions for filing convention applications originating in a member country of TRIPS or the Paris Convention and claiming priority within six

months thereof. This provision has been available since December 7, 1998 when India acceded to the Paris Convention.

### ● Assignment of Trade Marks

An unregistered mark may be assigned or transmitted with or without the goodwill of the business concerned, subject only to the requirement of advertisement of 'without goodwill' assignment.

### ● Licensing of Trade Marks

Use of a trade mark by an unregistered licensee by consent of the registered proprietor in writing is also deemed to be use by the proprietor. Further, the registered user procedure is being simplified to encourage registration of licensing arrangements by effecting the following structural changes:

- The considerations hitherto relevant to the question of grant of registered user status (the circumstances of the case, the interests of the general public and the development of any industry, trade or commerce in India) will be deleted and the recordal of registered user would be a matter of formality. The Registrar will be vested with final jurisdiction to deal with and dispose of registered user applications; and
- An unregistered licensee will have no right to institute infringement proceedings even though the definition of permitted use has been amplified to cover use both by the registered user and the (unregistered) licensee.
- Use of a trade mark through a licensee who would be eventually registered as a registered user after registration of the trade mark is recognised as a basis for the proprietor's intention to use the trade mark on the date it is applied for. This intended use through a registered user would be considered as equivalent use for purposes of defending a non-use cancellation action.
- Under the old law, a suit for infringement and passing off could be filed before a court within whose jurisdiction the defendant resided or worked for gain. Under the new law, such a suit can be filed before a court within whose jurisdiction the registered proprietor and/ or the registered user resides or carries on business or works for gain. This provision may be useful for enforcement of rights in a trade mark which is used through a registered user only, thereby enabling the filing of any potential infringement and/or passing off action within the jurisdiction where the registered user is located.

### ● Enforcement of Trade Mark Rights

**Before the Registrar**  
Opposition:

It is specifically provided that well-known marks can be a basis for objection to a mark whose use is likely to deceive or cause confusion. Knowledge or reputation of the earlier mark in relevant section of the public rather than use and/or registration in India is deemed to be sufficient for recognition of the earlier mark as a well-known mark. The Act has provisions for constitution of an Appellate Board known as the Intellectual Property Appellate Board (IPAB) with jurisdiction to hear appeals from the orders of the Registrar and entertain rectification petitions, which are currently filed before the High Court.

### Before the Court

**Criminal Remedy:**

The remedy under the penal law is strengthened by proposing to invest police officers with powers to search and seize, the goods, etc. wherever found without warrant. Provided that the police officer, before making any search and seizure, shall obtain the opinion of the Registrar on facts involved in the offence relating to the trade mark/service mark and shall abide by the opinion so obtained. The new provisions also include enhanced prison terms and fine.

**Civil Remedy:**

**Infringement** – The definition of infringement of a registered trade mark/service mark has been expanded to include:

- similar goods or services on proof of likelihood of public confusion
- identical mark and goods without proof of any likely public confusion
- dissimilar goods or services; provided the registered mark has a reputation in India and the use of the infringing mark takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trade mark.
- unauthorised use of a registered trade mark as part of the trade name/ corporate name/trading style of a person dealing in goods or services in respect of which the trade mark is registered
- any advertising of a registered trade mark which takes unfair advantage of, is detrimental to the distinctive character and repute of the registered mark or is contrary to honest practices in industrial or commercial matters.

A suit for infringement of a trade mark/service mark can be filed in a jurisdiction where the person or one of the persons, instituting the suit or other proceedings, actually or voluntarily resides or carries on business or personally works for gain. **This is a welcome departure from the current requirement which anchors jurisdiction only in such courts where the defendant resides or carries on business or has its registered office.**

### Concerns Raised by the New Law

- As opposed to the old law, a request for extension of time to oppose an application must be filed within the third month. This would affect those opponents who legitimately deferred the filing of the extension request beyond the third month under the old law.
- The new law provides for all appeals from the Registrar's orders including those pending at the commencement of the law to be transferred to an appellate board set up in Chennai with benches in Ahmedabad, Delhi, Mumbai and Kolkata. It is not clear whether the infrastructure for receipt and trial of appeals or even whether the respective

benches have been established. In the absence of any clarity on these aspects, this provision may affect the ability of potential appellants to file appeals and claim interim relief on an urgent basis.

- Unlike the old law where opposition notices/rectifications could be signed by attorneys acting under a power of attorney from the opponents, the new law makes it mandatory that all such notices be signed and verified by the opponent/applicant as the case may be. This requirement is bound to create difficulties for potential opponents based overseas or out of bounds of the relevant jurisdictions and thus affect their ability to oppose an application at the eleventh hour.

- There is no provision in the new law for a sunrise period, which would deem all applications filed therein to have been filed on the September 15, 2003.
- The new law provides a more stringent criminal remedy for infringement of trade mark rights. But this is diluted by the requirement that the police officer concerned must obtain an opinion from the Registrar of Trade Marks as to deceptive similarity of the respective marks before proceeding. Besides being dilutive of the efficacy of the criminal remedy, this provision may potentially expose the Registrar of Trade Marks to numerous summons from the criminal courts on the substance of the opinion given.

### CASE LAW UPDATE

#### ***Rejection of Opposition by Unregistered User of Mark Reversed on Appeal***

In *Habitat UK Limited (formerly) v. Habitat India Private Limited* the **High Court of Mumbai** set aside an order of the Registrar of Trade Marks, Mumbai, whereby the opposition of Habitat UK against 12 applications in various classes were rejected. The petitioner has been involved in the manufacture and marketing of a wide range of products such as furniture, furnishings, shelving, storage units, lighting, lamps, carpets, rugs, linoleum, wall paper, books, food, etc. In India itself, the petitioner has agreements with manufacturers to manufacture goods as per its specifications for export to foreign countries. The main respondent was an Indian company engaged in construction work.

The petitioner's opposition was rejected by the Registrar of Trade Marks on the following findings:

- The fact that the first respondent's mark is similar to the petitioner's does not make it devoid of distinctiveness;
- The mark is a dictionary word having no direct reference to the goods therein (goods were claimed in multiple classes);
- Though phonetically similar, there is a structural difference between the two marks in that the respondent's mark is depicted in a stylized manner;
- Petitioner failed to establish use and reputation in India; and
- Since the petitioner does not have a registered mark in India, they cannot claim any proprietary rights over the mark.

The High Court of Mumbai reversed the order of the Registrar on the following among other grounds:

- The respondent's adoption of the mark was with the knowledge of the petitioner's mark since the person in control of the respondent was in Glasgow, London for a considerable period of time, a fact not denied by the respondent in his pleadings. As such, the adoption was dishonest.
- Since registration is not the only mode of acquiring proprietorship of a mark in law and can be claimed even by mere use, the Registrar was in error while holding that the petitioner was not the proprietor of the mark in India.
- The Registrar failed to consider the evidence of reputation adduced by the petitioner by way of mail order sales invoices, advertisements in magazines with international circulation, agreements with manufacturers in India, etc.
- The different stylized writing was not relevant and was not sufficient to avoid confusion as the marks were phonetically identical.

Accordingly, the court allowed the 12 oppositions and rejected the applications by the respondent.

#### ***Use of 'Philips' as Part of Company Name Restrained***

At the instance of Philips India Limited, (the Indian subsidiary of Philips NV, Netherlands) the **Regional Director, Department of Company Affairs (Southern Region)**, India has directed an Indian company 'Philips Infotech Ltd' to delete the word 'Philips' as part of its corporate name. The order was passed in exercise of its powers under Section 22 (1) of the Indian Companies Act, 1956. Under Section 22, if in the opinion of the Central Government, a company is registered by a name which is identical with or closely resembles the name by which a company in existence has been previously registered, it may be directed to change its name within 12 months of its incorporation. Further, a registered proprietor of a trade mark also can apply to the Central Government for such direction against such a company within five years of notification of its registration, if the name of the company is identical with or closely resembles such a trade mark.

In India, Philips NV, Netherlands has been selling varied electronic goods for over 70 years through the applicant. Owing to the quality products marketed through regular and constant advertising and promotional efforts, the trademark 'Philips' has become a household name in India and is one of the top 50 best known brands in India, according to a recent survey. The applicant has been permitted by Philips NV to use the mark under a license agreement.

The application under Section 22 was filed by the applicant against M/s Philips Infotech Limited, a company engaged in the business of information technology. The applicant's case before the Regional Director was that the respondent company's adoption of the name 'Philips' as part of its corporate name is bound to cause confusion in the market-place regarding the origin of the goods. Further, such acts of the respondent are in violation of its statutory rights in the name Philips.

One of the objections raised by the respondent was that Philips is the name of its managing director. It raised a further objection that the applicant is not the registered proprietor of the trade mark and cannot, therefore, file an application under Section 22.

The Regional Director, after examining the arguments of both the parties and the facts placed before him found that the trade marks are being used by the applicant under license from Philips NV and therefore there is no violation of Section 22. Accordingly, it directed the respondent to delete the name 'Philips' from its existing name and change to some other name/prefix.

## Exploring the Idea / Expression Dichotomy

*One of the most elusive questions in copyright litigation has been one of mapping out the horizons of the idea/expression dichotomy.*

Courts, the world over, have grappled with this question and have laid down tests to unravel the kernel of protectable creative expression from the chaff of non protectable public domain ideas. In 1978, the Supreme Court of India in *R.G. Anand v. Delux Films and Others*, while laying down various tests on this account, held that, 'one of the surest and safest tests... to see if the reader... after having read or seen both the works... gets an unmistakable impression that the subsequent work appears to be a copy of the original'.

This dichotomy again came up for judicial comment in India in a very interesting matrix of facts involving the famous American novelist, Ms Barbara Taylor Bradford. At the centre of the controversy lay a projected teleserial *Karishma – the Miracle of Destiny*, which Ms Bradford claimed to be a violation of her literary copyright in the novel *A Woman of Substance*. Starting its legal journey from the **High Court of Mumbai**, the case progressed through the **High Court of Kolkata** to finally end up in the **Supreme Court of India** which, by its brief order dated August 4, 2003, refused to interfere with the impugned orders of the courts below, declining Ms Bradford's claim for interim injunction against any further telecast of the impugned teleserial.

Utilising the 'rags to riches' theme, the novel *A Woman of Substance* traces the life of Emma Harte from childhood to old age. From her humble beginning as a simple, impoverished village girl working as domestic help, she embarks on a journey first of survival and then of unimaginable achievement against all odds. Basing her claim on certain press reports, promotional shots aired and one significant interview 'procured' from the creative director and producer of the teleserial (defendant # 2), Ms Bradford stitched together a note of similarities between the two works and contended that:

- the incidents and the situations in the impugned teleserial were extracted and/or lifted directly from her novel;
- the changes made in the plot of the teleserial were insignificant and made to

artfully disguise fraudulent acts of infringement and plagiarism.

Declaring the underlying theme of *A Woman of Substance* a hackneyed one, the defendants strongly refuted Bradford's claim of piracy and primarily argued that:

- the projected teleserial was based upon a story line conceived by defendant # 4, which was brief and would need to be expanded into a script at a later stage;
- the story of the serial was open-ended and thus subject to change to reflect the potential viewers' opinion from time to time; and
- there were material differences between the novel and the story line in terms of central figure, journey from rags to riches, character, etc.

Applying the well known American Cynamid tests, the court of first instance held that:

- the similarity in the basic theme of the two works and commonality of certain characters coupled with the statements in the published interview afford prima facie evidence of a triable case; and
- it is too broad a principle that no question of copyright infringement can arise in respect of an open ended serial.

Despite the prima facie finding in favour of Ms Bradford, the court, taking note of the substantial investments already committed by the defendants in the production of the teleserial, held that the balance of convenience favoured the defendants and vacated its earlier ex-parte order of injunction.

Aggrieved by this, Ms Bradford preferred an appeal to the Appellate Bench of the High Court of Kolkata. After hearing the parties at length, the Appellate Bench dismissed Ms Bradford's appeal, affirming the single judge's refusal of injunction and substituting two main findings against Ms Bradford:

- that Ms Bradford had failed to even prove a prima facie case (contrary to the finding of triable case recorded by the court of first instance);
- and had suppressed material facts as to

her earlier suit for the same relief filed before the High Court of Mumbai and later withdrawn with the leave of the court.

In arriving at its substituted finding of lack of prima facie case, the Appellate Bench re-appraised the prima facie evidence on record and entered the following findings:

- the only substantial material to support Ms Bradford's claim for copyright infringement was an interview taken by a 'fishing' freelance journalist from the creative director and producer of the teleserial;
- details are everything in copyright actions and the admissions obtained by the journalist from the director do not make out a prima facie case of infringement. The interview taken at its face value only means that the basic theme of *A Woman of Substance* has been borrowed and there are some common characters;
- it appears that the freelance journalist was set up by Ms Bradford to gather evidence for her infringement claim;
- that, contrary to the view taken by the court of first instance, there was enough internal evidence in the interview that the defendant # 4 had not read the book; and
- since the serial was yet to go on air, the court would be unable to enter a finding of infringement without first compelling the defendants to exhibit the serial to the court for it to assess the claim of infringement. In a situation like this, grant of injunction would be interference with free trade.

On the issue of suppression of material facts, the Appellate Bench came down very heavily on Ms Bradford and imposed heavy costs and damages. The damages awarded required her to pay Rs. 150,000 per week (approximately US\$ 3000) commencing from May 13, 2003 till the order of the High Court.

Ms Bradford's appeal to the Supreme Court of India also failed. However, the Supreme Court set aside the order as to costs and damages on the basis that this should be considered at the time of disposal of the main suit and not at the interlocutory stage.

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