



I N D I A

Intellectual Property Attorneys

IP UPDATE

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Quarterly Newsletter from K&S Partners (formerly, Kumaran & Sagar)

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New Bottle.... Old Wine

After nine years of offering quality service to our clients and associates under the name **Kumaran & Sagar**, we are undergoing a change of identity. We will be known as **K&S Partners** effective May 1, 2003.

Our vision is to build an institution which will survive its founders. Hence, changing our name from an individual-centric one to a broad based one is a step in that direction.

It is only apposite to announce our new name through the launch of the first issue of our in-house newsletter **India IP Update**. India IP Update proposes to bring, exclusively for our clients and associates, the latest developments in IP in India. Tracing legislative developments and case law updates while analyzing the latest judicial trends in trademarks, patents, copyrights, cyber law and entertainment law, the newsletter will be a quarterly feature to begin with.

This issue of India IP Update carries, *inter alia*, updates on three new pieces of legislation enacted by the Indian Parliament, updates on recent case law and an article on judicial trend in protection of confidential information, relating to the entertainment industry.

I sincerely hope that India IP Update will fill you in on the latest news from the Indian IP scene!

Sincerely,

Jyoti Sagar

LEGISLATIVE UPDATE

Three New Laws: Although enacted into law, these three Acts have yet to be notified into effect and are expected to come into force shortly.

The Patents (Amendment) Act, 2002

To strengthen its IPR regime and comply with its obligations under TRIPS, the Indian Parliament has passed the Patent (Amendment) Act, 2002.

Salient Aspects

Definition of 'Invention'

The old definition that allowed substances and 'manner of manufacture' to be patented has been overhauled to conform to that prescribed by TRIPS: 'new product or process involving an inventive step and

capable of industrial application'.

Patentable Subject Matter

Under the old law, micro-organisms *per se*, method or process of testing a device to render the machine more efficient could not be protected, causing great distress to the pharma and the biotech industry.

The amended law now includes under its purview the following as patentable subject matter:

- Micro-organisms *per se* are now patentable and this could include viruses, genetically modified cells, bacteria and a whole host of organ-

isms. The characteristics of these organisms, their source and geographic origin will need to be adequately described in the application. Non-submission of this information may be considered as 'insufficient description' with serious consequences.

Organisms may be deposited at international depositories including Institute of Microbial Technology (IMTECH), Chandigarh, India, prior to filing the application in India.

- Products and processes in case of drugs and pharmaceuticals will be

patentable; EMR (exclusive marketing rights) is here to stay, at least for now. Processes will now include biochemical, biotechnological and microbiological processes.

- Software enabling a system or any machine to function effectively may be protected.

Among the list of non-patentable items are plants, seeds, animals, essentially biological processes, business methods, algorithms, literary, dramatic, musical or artistic works, method of performing mental acts or playing games.

Term of Patent

Patents granted after the commencement of the Act or patents whose term has not expired, as well as pending applications, shall have a term of 20 years from the date of filing the application.

Prosecution

Procedural changes introduced to streamline and grant patents quickly include:

- Publication within 18 months from the date of filing in India in respect of convention as well as national phase filings;
- Period for compliance of examiner's objections curtailed to 12 months instead of the current period of 18 months (inclusive of extensions);
- Appeals from decisions of the Controller to lie to the Patent and Trademarks Appellate Board;
- No examination of patent applications unless specific request made:
 - fresh applications: within 48 months from the date of filing
 - pending applications: within 48 months from the date of filing.

The provision requiring specific request for examination is expected to reduce the burden on the examiners and expedite examination.

Burden of Proof

In cases of infringement of process patents, the burden of proof will rest on the defendant, provided the product obtained by the defendant's process and the plaintiff's process are identical.

Bolar Provision

Keeping in mind the concerns of the mushrooming generic industry, the law permits the use of a patented invention to generate data/information that may be required for regulatory purposes by an authority in India or in any other country.

In other words, it would be possible for the generic industry to use a patented product for clinical trials, *a la* Canada.

While these amendments in the Indian patent law are progressive, hopefully it is the first step towards a brighter, stronger and encouraging patent regime. The law awaits notification to be pressed into force.

Plant Varieties & Farmers' Rights Act, 2001

In a bid to protect innovative plant varieties and the rights of stakeholders, the Plant Varieties & Farmers' Rights Act, 2001 has been passed.

The primary objective of this legislation is to protect plant varieties, recognize contribution of farmers in conserving, improving and making available plant genetic resources.

Salient Aspects

Registrable Varieties

Any new plant variety that conforms to the criteria of novelty, distinctiveness, uniformity and stability (DUS) can be registered, provided it does not contain a sequence or product of terminator technology. Also registrable are essentially derived varieties that differ from the parent variety by one or more characteristics.

Novelty: The propagating or harvested material should not have been sold or disposed off by the breeder before the date of filing of the plant variety application:

- within India: one year from the date of first sale of the harvested or propagating material; and
- outside India: four years from the date of first sale of the harvested or propagating material.

Application for Registration

The application may be filed by a breeder or his assignee in the prescribed form. Applications from foreign nationals will be entertained provided corresponding and similar rights are available to Indian citizens.

The application must contain a brief description of the variety, its novelty, distinctiveness, uniformity and stability and some information on the parent varieties.

Further, seeds of the claimed variety are to be submitted to the Authority to en-

able them to conduct tests/filed trials.

Procedure

The Act will be administered by the Plant Varieties Registration Authority. After an application is lodged with the Authority, it will be subject to examination, including trials and opposition, and eventual issue of the registration certificate. Annual maintenance is to be paid to the Authority to maintain the registration of the variety.

Term of Protection

The term of the registration would depend upon the nature of the plant for which protection is sought.

- Trees and vines: 18 years from the date of registration;
- Extant varieties: 15 years from the date of notification of the variety;
- Others: 15 years from the date of registration.

Benefit Sharing

The registration of a variety will be published in the Gazette of India inviting claims of benefit sharing from those who have contributed genetic material for the development of the variety. Communities that have contributed will also be entitled to stake claim. The Authority may grant compensation considering extent of use of these materials as well as commercial utility and demand for the variety.

Research

The registered variety may be used for research and creation of other varieties. However, breeder's permission is required for repeated use of the parental line for commercial production.

Farmers' Rights

A farmer is absolutely entitled to save, use, exchange, share or sell his farm produce, even if the produce relates to a variety protected under the Act. However, sale of the produce, such as branded seeds is prohibited and will amount to infringement.

Compulsory Licence

Three years after the date of issue of a certificate of registration of a variety, any interested person may make an application for grant of compulsory license if:

- reasonable requirements of the public for seeds or other propagating material of the variety have not been satisfied; or
- the seeds are not available to the public at a reasonable price.

The Authority, after consultation with the Government and hearing the parties, may

grant such a licence to the applicant on terms and conditions it deems fit.

Infringement, Suit, Relief

A suit for infringement of a variety registered under the Act would lie in a district court. Infringement includes unauthorized sale, export, import or production of the registered variety. Damages or an account of profits in addition to an order of injunction may be claimed.

Unauthorized use of the denomination of a variety is an offence punishable with imprisonment and fine.

The law for protection of plant varieties is elaborate; however, since the rules are not drawn up, this law is not in force yet.

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

In compliance with TRIPS, India has enacted an exclusive legislation for the protection of Geographical Indications (GIs). Although enacted, the Act is yet

to be notified into effect. India looks forward to registering well-known foreign GIs such as Champagne, Cognac, Scotch whisky, Feta cheese, Cuban tobacco, etc. The good news is that the Act provides an Article 23 type of protection to GIs for non-alcoholic goods as well.

Salient Aspects

- Defines 'goods' to mean 'any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes foodstuff';
- Defines 'authorized user' to mean the authorized user of a GI;
- Creates a GI registry as well as a GI register to be kept at the GI registry. All the registered GIs with the names, addresses and descriptions of the proprietors and authorized users and such other matters relating to registered GIs are to be entered in the register.
- Does not protect GIs, *inter alia*, which have become generic names and, therefore, cease to be protected in their country of origin or which

have fallen into disuse in their country of origin.

- Any association of persons or producers representing the interests of the producers of the concerned goods may apply in writing in the prescribed format to the Registrar seeking registration of the GI concerned. Such application shall contain, *inter alia*, a statement as to how the GI serves to designate the goods as originating from the concerned territory or region in respect of the specific quality, reputation or other characteristics of which are due to the geographical environment with its inherent natural and human factors and the production, processing, preparation, etc.
- Any person claiming to be an authorized user of the GI may also apply in writing in the prescribed manner to the Registrar for registering him as an authorized user of such GI.
- Gives exclusive rights to authorized users for use of the GI. It also provides for a remedy of an action for infringement for authorized users and regis-

CASE LAW UPDATE

Pizza Hut Infringement Injuncted

The **High Court of Mumbai** injuncted a defendant who was using Pizza Hut as part of its corporate name. The injunction was based on the grounds that besides causing confusion and deception in public mind, it infringed the plaintiff's - **Pizza Hut International LLC** - trademarks.

Who Wants to be a Millionaire? Celador's Rights Upheld

The **High Court of Delhi** injuncted a defendant from invading the intellectual property rights of **Celador Productions Ltd**, a UK based company, in their world-famous game show *Who wants to be a Millionaire?*. Celador had licensed an Indian channel to air the same program in India under the name *Kaun Banega Crorepati?* which is the Hindi equivalent of *Who wants to be a Millionaire?*. The Hindi version, hosted by renowned Indian film star Amitabh Bachan, was topping the popularity charts and the defendant taking advantage of the situation opened a commercial website with a similar domain name inviting people to play a similar on-line game. The defendant's website, besides having a fan club, was an exact replica of the plaintiff's program. Upholding the rights of the plaintiff including that in the domain name, the court injuncted the defendant from running the website.

Honda Held to be a Famous Mark

The **High Court of Delhi** restrained a defendant from using 'Honda' in respect of pressure cookers at the instance of a passing off action by **Honda Motors Co. Ltd**. While upholding the rights of the plaintiff in the mark 'Honda' used in respect

of automobiles and power equipment, the court pointed out that the plaintiff's business under the mark has acquired such goodwill and reputation that it has become distinctive of its products and the defendant's use of the same on pressure cookers tends to mislead the public into believing that the defendant's business and goods are that of the plaintiff's.

Moral Rights Upheld

For the first time the issue whether author's special rights are independent of any contractual assignment of economic rights in an artistic work came up for consideration before an Indian Court. The case involved a bronze mural, an acclaimed piece of artistic work, created by the plaintiff for the Indian Government for display at one of New Delhi's prominent buildings. The plaintiff had assigned all copyrights in the mural to the defendant, the Union of India.

In 1979, during a partial reconstruction of the said building, the mural was pulled down without the plaintiff's permission and dumped, impairing its aesthetic and market value and resulting in its dismemberment with part of the plaintiff's name disappearing altogether. Despite several attempts to seek redress, the defendant did not yield to the plaintiff's pleas. The plaintiff then moved the **High Court of Delhi** seeking damages for infringement of his special rights or moral rights as embodied in Section 57 of the Indian Copyright Act. The defendant's plea that it has unfettered rights as the copyright owner, pursuant to the assignment of the copyright in its favour by the plaintiff was rejected by the court. It held that the special rights enshrined in Section 57 override the contract of assignment and these cannot be negated by contractual terms.

tered proprietors in the case of a registered GI. Further, it provides for a remedy of passing off in respect of un-registered geographical indications.

- Prohibits registration of GIs as trademarks. However, in compliance with TRIPS, if a trademark was adopted / applied for/ registered in good faith before the commencement of the Act or before the date of filing of the application for registration of such GI under the Act, nothing in the Act will prejudice the registrability or the validity of the registration of such trademark, or the right to use such trademark on the ground that it is identical with or similar to such geographical indication.
- It is a criminal offence, *inter alia*, to falsify a GI or falsely apply a GI.

IN BRIEF

- The Trademarks Act, 1999 has not yet come into effect. However, the trademark community is optimistic that it will soon be a reality. Registrability of service marks is one of the significant changes in the new law.
- The Indian Trademark Registry is in the process of liquidating the entire backlog of un-examined and post examined cases.
- It is understood that pending applications ordered for advertisement by the Indian Trademark Registry which have not yet been published in the journal are expected to be published in the next three months.
- The Trademarks Registry, Mumbai is in the process of decentralizing its functions. This implies that applications may be dealt with by the trade mark offices in the respective jurisdictions.
- The foundation stone for Intellectual Property law office for Delhi was laid by Hon'ble Minister for Commerce & Industry and Law & Justice, Mr. Arun Jaitley. This new office will house the records of trademarks, patents and designs.

INSIGHT

Protection of Confidential Information

Indian courts have always been in the forefront in protection of confidential information. Two recent judgments:

In a recent appeal preferred by Zee Telefilms Ltd, the **High Court of Mumbai** applied principles of common law and breach of contract in enforcing claims for protection of confidential information and upheld the lower court order which restrained Zee from proceeding with broadcasting of its television serial **Kanhaiyya**.

The plaintiff, a television programming company conceived a novel concept involving a miracle performing child entering a rich, dysfunctional family as an *avatar* of Lord Krishna. In keeping with industry norms, the plaintiff registered the concept with the Film Writers' Association. Subsequently, the plaintiff presented the same to Zee under oath of confidentiality. Encouraged by Zee's positive response, the plaintiff produced a detailed concept note and a pilot videotape which were presented to Zee for its review. However, Zee did not revert to the plaintiff. The plaintiff then approached other production companies including Sony TV. Even though Sony showed interest in producing and broadcasting the concept, it subsequently declined to sign any contract with the plaintiff after learning that Zee was proceeding to produce and broadcast a TV serial along the same lines. Aggrieved by Zee's blatant acts, the plaintiff sought an order of injunction primarily on grounds of infringement of copyright in its concept note as a literary work and breach of confidentiality

Zee defended its conduct by arguing that the concept of Lord Krishna appearing in his original or human form is not novel and therefore, lacks originality. The High Court rejected the defence and held that Zee's work was similar in material and other substantial aspects to that of the plaintiff and therefore, Zee could not raise a defence of coincidence and was thus guilty of breach of confidentiality. Further, as the concept of Lord Krishna as a child is central to both treatments, Zee's work constitutes a substantial reproduction of the plaintiff's concept note as a literary work.

This case came close on the heels of the decision in another case which protected a plaintiff's novel concept of match-making and spouse selection through a television reality show. The concept was based on the mythological tradition of *Swayamvar*, where a bride chooses her husband from a line-up of suitors. The plaintiff was granted an order against the TV channel (with whom he shared the concept for a proposed show) from launching its own program based on the plaintiff's concept and idea. The Court further held that though *Swayamvar* is a known concept in Indian mythology, the idea of devising a television program was the result of the plaintiff's hard work, and, therefore, is not available to the general public: such information is confidential information which cannot be appropriated by the defendant.

Both these rulings constitute a morale booster for unwary artistes of the Indian entertainment industry.

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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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