

LEGISLATIVE UPDATE

IP News at a glance!

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Government brings Ordinance to dissolve the IPAB: IP appeals to be heard by High Courts

On February 13, 2021, the Central Government had introduced the Tribunal Reforms (Rationalisation and Conditions of Service) Bill, 2021 ("the Bill") in the lower house of the Indian Parliament to

streamline the functioning of tribunals. The Bill eliminated a number of such tribunals including the Intellectual Property Appellate Board ("the IPAB"). On April 4, 2021, the President of India promulgated an Ordinance that abolished the IPAB with immediate effect. Ordinances are laws promulgated by the President of India on the recommendation of the Union Cabinet, which will have the same effect as an Act of the Parliament. Ordinances are issued when the Parliament is not in session.

The IPAB used to hear appeals from administrative actions under the various intellectual property statutes such as the Patents Act, 1970, Copyright Act, 1957, Trade Marks Act, 1999, Geographical Indications of Goods (Registration and Protection) Act, 1999 and the Protection of Plant Varieties and Farmers' Rights Act, 2001 (collectively, "the IP Statutes").

As a consequence of this change, any appeal, application or proceeding currently pending before the IPAB under the IP Statutes stands transferred to the High Courts (or Commercial Courts, as the case may be). Migration of cases from the IPAB to the High Courts may take at least 6-10 weeks to complete, depending upon the different High Courts.

The IPAB had been fairly active in the past one year despite the pandemic, adapting very well to virtual platforms for hearings. Several good precedents, especially on complex patent issues, were established by the Board. We



will keep you updated on the developments in this regard.

CASE LAW UPDATE

IP offices issue notices lifting the suspension of deadlines pursuant to a Supreme Court order

On March 8, 2021, the Supreme Court of India (“the SC”) passed an order suspending the extension of the periods of limitation provided last year in view of the Covid-19 pandemic and the country-wide lockdown.

The following points from the order are relevant for deadlines of the Indian IP Offices:

- In computing the period of limitation for any suit, appeal, application or proceeding, the period from 15.03.2020 till 14.03.2021 would be excluded. Consequently, any balance period of limitation remaining as on 15.03.2020 would become available with effect from 15.03.2021; and
- In those cases where the limitation would have expired during the period between 15.03.2020 to 14.03.2021, irrespective of the actual balance period of limitation remaining, all parties would have a limitation period of 90 days from 15.03.2021. However, if the actual balance period of limitation remaining with effect from 15.03.2021 is more than 90 days, that longer period would apply.

The Indian IP offices as well as the Plant Variety Authority of India, have consequently issued notices taking note of the above order.

PATENTS

Delhi High Court’s certificate of validity helps Merck Sharp and Dohme enforce the Sitagliptin patent

A fresh round of litigation was initiated by Merck Sharp and Dohme (“Merck”) against Chiral Biosciences Ltd. (“Chiral”) and Hariom

Pharmachem (“Hariom”) before the Delhi High Court (*Merck Sharpe and Dohme & Anr. Vs Chiral Biosciences Ltd., Delhi High Court, 2021; and Merck Sharpe and Dohme & Anr. Vs. Hariom Pharmachem, Delhi High Court, 2021*). The Court has since restrained both Chiral as well as Hariom from infringing Merck’s patent no. IN 209816 (“the Patent”) covering the drug “SITAGLIPTIN”. Earlier in 2016, in a suit filed by Merck against Glenmark Pharmaceuticals Ltd to enforce the Patent, the Delhi High Court had granted a certificate of validity to the patent.



In the case against Chiral, Merck contended that Chiral, through its own and various e-marketing websites, was advertising and offering for sale, Sitagliptin as well as its intermediates, without Merck’s authorization and permission.

Further in case of Hariom, Merck contended that it had learnt that Hariom was commercially dealing in Sitagliptin which amounted to infringement of Merck’s rights in the Patent. Hariom, on the other hand, contended that it was not dealing in manufacturing of Sitagliptin, but was merely into trading of raw materials and that it was ready to suffer the injunctive decree from the Court. Subsequently, Hariom filed an undertaking to this effect and further stated that it will not deal with Sitagliptin in any manner, not limited to using, selling, distributing, advertising, exporting, offering for sale etc., until the expiry of the Patent.

Placing reliance on the certificate of validity granted by it to Merck’s Patent, the Court injuncted both Chiral and Hariom from dealing in Sitagliptin.

Two-tier confidentiality club is a gross violation of the principle of natural justice: Delhi High Court

In *Interdigital Technology Corporation & Ors. Vs Xiaomi Corporation & Ors.*, the Delhi High Court rejected Interdigital Technology Corporation's ("Interdigital") prayer for setting up a 'two-tier' confidentiality club. The documents from the said tier were to be shown only to advocates (not in-house counsel) and external experts nominated by Xiaomi Corporation ("Xiaomi"). The Court held this as being a gross violation of principles of natural justice, the right to fair trial and the 'professional code of ethics' as laid down by the Bar Council of India Rules.

Xiaomi had allegedly used Interdigital's technology contained in the Standard Essential Patents ("SEPs") without prior license. As an alternative to the injunction sought, Interdigital offered to license their SEP to Xiaomi as per the Fair, Reasonable and Non-Discriminatory ("FRAND") terms. However, these terms would not be made privy to the party officials and representatives owing to third-party confidential information that could jeopardise commercial dealings of Interdigital.

Interdigital contended that a "two-tier" confidentiality club would not only help preserve important third-party confidential information but also allow Xiaomi's advocates and experts similar advantage to determine what they can and cannot share with Interdigital's advocates. Interdigital further contended that this system had been recognized by many courts and foreign jurisdictions and had shown its success through multiple cases.

Importantly, as per Interdigital's proposal, the FRAND terms were considered to fall under the 'inner tier', and hence not privy to the representatives, officials and employees of Xiaomi. Xiaomi, on the other hand, argued that such condition was unfair and gave Interdigital an undue advantage as it prohibited Xiaomi from contending

whether the terms as proposed by them were FRAND or not.



The Court did not reject the formulation of a confidential club but found the manner it was to be set up by Interdigital as inappropriate. It held that a matter having huge commercial implication on a company, should be privy to the representatives and officials to allow them to make their counter submissions. If Xiaomi were to be unaware of the particulars of the license agreement, it would be quite impossible for them to put forth their submissions and reasonings. Hence, denial of such information would be a gross violation of their right to fair trial, natural justice and due process.

The Court, therefore, held that the issue of "confidential information" cannot be taken as a ground to prevent fair trial and fair play at any cost. Thus, it rejected the 'two-tier' confidentiality club and held that the third-party licensee agreement be made available to Xiaomi, redacting the relevant confidential information. Further, the Court directed that a single tier confidentiality club be set up.

IPAB strikes at Benami Pre-grant Oppositions

The IPAB in its recent decision in the *Novartis AG Vs Controller General of Patents, Designs and Trademarks & Ors* affirmed that pre-grant oppositions were to be submitted with identity proof (Aadhar card/Voter ID/passport/ driving license) of the opponent to curb benami (proxy) oppositions.

Novartis had filed an appeal against an order of the Controller of patents in their patent application

against which six pre-grant oppositions were filed. The opposition hearings were repeatedly adjourned at the requests of the opponents citing difficulty with virtual hearings, and hence indefinitely delayed.

Novartis alleged that the oppositions were benami and fictitious and were merely a tool used by its competitors to delay and deny the grant of the patent. It further alleged that the subsequent oppositions filed by the opponents right from 2016 to 2020, clearly established a calculated, deliberate and *mala fide* intent to delay the grant of the patent. It argued that this was a blatant abuse of the provisions as it was intended to derail the chances of patent grant. Importantly, 14 years of the 20-year patent term were already over, and any further delay would cause irreparable damage to Novartis.

Upon hearing the submissions of the parties, the IPAB re-affirmed two issues:

- Patent proceedings cannot be deferred on the ground of lack of physical hearing. Rule 6 of the Patent Rules, 2016 allowed hearings to take place through video conferences. Hence the ground to defer hearings till physical hearings resumed, was deemed to be weak. The IPAB reiterated that the Controller must dispose of the pre-grant opposition in a span of not more than 15 days through virtual hearings; and
- Filing of pre-grant opposition should always be coupled with valid identification proof. If no proof has been provided on record, then the opponent must provide the same within 15 days from the date of such communication, failure of which would lead to rejection of the said pre-grant opposition.



Claim amendments allowed by IPAB: IPO directed to grant patent

In *Allegro Pharmaceuticals, LLC vs. The Controller of Patent & Designs*, the IPAB set aside the order of the Indian Patent Office (IPO) and rejected the patent application under number 4931/CHENP/2012 ('IN '4931) under section 59 of the Indian Patents Act, 1970 ("the Patents Act"). Further, it also directed the IPO to grant the patent.

Section 59 governs claims amendment in India which are allowed only by way of correction, explanation and disclaimer. Unfortunately, this section is often a subject of skewed and restrictive interpretation by the Indian Patent Office.

The claims in the application in question were amended twice during prosecution to overcome the objections: first, while responding to the First Examination Report (FER) and then during the oral hearing proceedings.

The claims were amended from "A **composition** of matter comprising an RGCysteic Acid Peptide comprising Glycine-Arginine-Glycine-Cysteic(Acid)-Threonine-Proline" to "A **compound** comprising a peptide, wherein the peptide comprises Glycine-Arginine-Glycine-Cysteic(Acid)-Threonine-Proline".

The appellant, Allegro Pharmaceuticals ("Allegro"), argued that the only change made in the claim was that the phrase 'composition of matter' was changed to 'compound'. This amendment was necessitated to address the Controller's persistent objections regarding clarity and conciseness. However, the Controller refused the application on the ground that the claim amendments changing "composition of matter" to "compound", were beyond the scope of the originally claimed invention and not allowable under Section 59 of the Act.

Allegro further argued that 'compound' is within the scope of 'composition of matter', and thus there is no Section 59 violation. It contended that 'IN '4931 is a

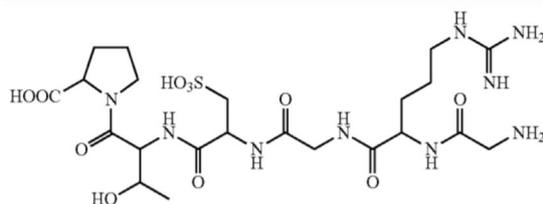
national phase application of PCT/US2010/056277, and claims have been drafted in compliance with the US patent practice; that as per US patent Law, 'composition of matter' is one of the four principal categories of things that may be patented; and that a newly synthesised chemical compound or molecule can be patented as 'composition of matter'. Examples of composition of matter includes chemical compounds, compositions etc.

Interestingly, the claimed compounds were found novel and inventive in at least 26 major jurisdictions such as USA, Europe, Japan, Australia, New Zealand, Russia and Israel, and patents thereon were granted to Allegro in all these jurisdictions.

The IPAB observed that the specification and examples clearly provided "novel compounds" as well as "compositions and methods". It observed that though there was sufficient room for the appellant to draft claims based on "compound", right from the beginning, they chose to proceed with either 'methods' or 'compositions' or 'composition of matters.' The IPAB was not convinced with Allegro's arguments as regards country specific claims drafting and held that the drafting of a PCT application should always be done keeping in view the countries designated.

However, after considering all the facts, the IPAB was of the view that the amendments in this particular case were aimed at incorporating actual facts. It further held that no applicant should suffer on account of error in initial drafting of the claims. In view of this, the IPAB partially allowed the claims as a special case. The claims considered allowable by the IPAB were as below:

- A peptide comprising Glycine-Arginine-Glycine-Cysteic Acid)-Threonine-Proline; and
- A peptide as claimed in claim 1 having the following structural formula:



Ruling in favour of the Allegro, the IPAB held that, "no new matter is brought either in claim 1 or 2. The peptide was already defined in erstwhile claim 11 amended as claim 1. Claim 1 is being further defined, based on the description and it specifies the scope, as well".

Thus, the IPAB set aside the refusal order, and directed the IPO to grant a patent on the amended set of claims.

This order sets a good precedent on this important provision of Indian law, because it is interpreted in a very restrictive way where the IPO is reluctant to allow claim amendments. Ironically, at times, even a simple restriction in claim scope is not allowed merely on the basis that the amended claims do not match the wordings of the original claims.

SNIPPETS

Monsanto and NSL settle the long-standing Bt-Cotton dispute

In the past issues of the India IP Update, we have covered Monsanto's (now acquired by Bayer) long-



standing intellectual property dispute with the Indian seed maker Nuziveedu Seeds Ltd (NSL). The parties were fighting on several counts, including patent infringement and counter claim as well as complaints before the Competition Commission of India, for abuse of market dominance. All of this emanated primarily after

NSL denied payment of license fee and royalties to Monsanto for its genetically modified cotton (Bt Cotton). The dispute has finally come to an end with Bayer announcing that the parties had reached an amicable settlement. No further details have been made public.

Delhi High Court directs suspension of defendant's Google Ads Program account

Recently, in a trademark infringement suit (*Make My Trip (India) Private Limited v Happy Easy Go India Private Limited*), the Delhi High Court directed the search engine giant Google to suspend a defendant's Google Ads Account. The defendant, Happy Easy Go India Private Limited (HEG) was using the registered trademarks of Make My Trip India Private Limited (MMT) as key words to direct users to its own website. While there was an earlier order restraining HEG from bidding for the registered trademarks or any deceptive variants of MMT's marks as 'ad words' on the Google Ads Program, HEG was again found in violation of those orders. The Court, while reiterating its earlier orders, directed Google to suspend the Adwords Program account for HEG on its platform.

HAPPY EASY



COPYRIGHTS

Copyright Registration not mandatory: Bombay High Court

In a much-needed decision (*Sanjay Soya Private Limited v. Narayani Trading Company*), the Bombay High Court held that registration of

copyright is not mandatory. Further, it held that a plaintiff could claim civil or criminal remedies for copyright infringement available under the (Indian) Copyright Act, 1957 ("the Copyright Act") even without copyright registration.

While arriving at this conclusion, the Court rendered *per incuriam* (without due regard to law and facts) an earlier decision of its coordinate Bench in *Dhiraj Dharamdas Dewani v. Sonal Info Systems Pvt. Ltd.* That decision had held that, without a copyright registration, a copyright owner cannot avail civil and criminal remedies under the Copyright Act.

While holding *Dhiraj Dharamdas Dewani* as *per incuriam*, the Court noted four earlier decisions of coordinate Benches of the Bombay High Court which held that registration is not a precondition to the subsistence of or acquisition of copyright. The Court noted these binding decisions could not have been ignored by the Bench that decided *Dhiraj Dharamdas Dewani*. It further noted the following in support of its conclusion that copyright registration is not mandatory:

- None of the provisions in the Copyright Act suggests that registration of copyright is mandatory, including Section 45, which only states that the owner of copyright may apply for registration;
- Additionally, the Court dived into the legislative history of the Copyright Act. In particular, the Court examined clause 65 of the Copyright Bill, 1955 which had a sub-clause that stipulated that no suit or other proceeding regarding infringement of copyright could be initiated without registering the copyright with the Registrar of Copyrights. This Bill was subsequently referred to a Joint Committee of the two Houses of the Indian Parliament, which had the task of examining the Bill and recommending necessary changes. On November 19, 1956, this Committee submitted

its report to the upper House of the Indian Parliament along with the Copyright Bill, 1956, with certain amendments to the earlier Bill. In its report, the Committee suggested several changes in the earlier Bill. The Committee felt that making copyright registration compulsory placed an undue restriction on the owner of the copyright to exercise the rights conferred by the registration. Accordingly, the said restriction placed by the said sub-clause in the earlier Bill

was removed in the new Bill. This amendment suggested by the Joint Committee was finally accepted by both the Houses of the Parliament; and

- India is a signatory to the Berne Convention for the Protection of Literary and Artistic Works, 1886. The said Convention requires its members to give equal protection to the works originating in any of the other members as they grant it to their own nationals, and without any formality.

Which offenses under Trade Marks Act, 1999 and Copyright Act, 1957 are non-bailable?

In *Piyush Ranipa v. State of Maharashtra*, the Bombay High Court was deciding a petition by an individual, Piyush Ranipa (Ranipa), for anticipatory bail. The offenses Ranipa was charged with, fell respectively under Sections 63 and 103 of the Copyright Act and the Trade Marks Act, 1999 ("the TM Act"). Both these offenses are punishable with imprisonment extending "up to three years". The issue before the Court was whether these offenses were non-bailable.

Bailable offences are defined under the Indian Code of Criminal Procedure, 1973 ("Cr.P C") as an offence which is shown as bailable in its First Schedule, or which is made bailable by any other law. All other offenses are non-bailable. Ranipa submitted that, the offences in which sentence of imprisonment up to three years could be imposed fell within the third category of Part II of Schedule I of Cr. P C, rather than the second category thereof. Part II of the First Schedule to the Cr.P C is as follows:

II. – CLASSIFICATION OF OFFENCES AGAINST OTHER LAWS

Office	Cognizable or non-cognizable	Bailable or non-bailable	By what court triable
If punishable with death, imprisonment for life, or imprisonment for more than 7 years	Cognizable	Non-bailable	Court of Session.
If punishable with imprisonment for 3 years and upwards but not more than 7 years	Ditto	Ditto	Magistrate of the first class.
If punishable with imprisonment for less than 3 years or with fine only.	Non-cognizable	Bailable	Any Magistrate.

However, the Court concluded that, while construing whether an offence is bailable or non bailable, what is required to be seen is not the minimum sentence under the law, but the maximum sentence. This is because in such cases, it is possible to impose the maximum sentence. Accordingly, it was held that wherever it is possible to impose punishment extending up to three years, the second category in Part II of the First Schedule to the Cr.P C would apply and that such offences would be regarded as non-bailable.

TRADE MARKS

Registration of a composite mark does not confer exclusive rights in its separate parts

In *Pathanjali Ayurved Limited v Arudra Engineers Private Limited*, a Division Bench (DB) of the Madras High Court overturned an earlier order of the Single Judge which had allowed the trademark infringement suit filed by Arudra Engineering Pvt Ltd. (Arudra) against Patanjali Ayurveda Ltd. (Patanjali). The Single Judge had held that Patanjali's attempt to register the trademark 'CORONIL' in class 5 which was identical to Arudra's prior registered trademarks 'CORONIL-213 SPL' and 'CORONIL-92B' in class 1 amounted to infringement and dilution of Arudra's marks.

While Patanjali is a direct-to-consumer Ayurveda company, Arudra manufactured anti-corrosive products. It was Patanjali's argument in the appeal that the impression created in the mind of the prospective buyer is of the composite mark and not parts of the mark; and therefore, the inclusion of the

elements '213 SPL' and '92B' in the overall comparison between the marks could not be overlooked. Patanjali further argued that Arudra had coined the term CORONIL ("nil corrosion") as a suggestive term for its anti-corrosive solutions; whereas Patanjali based its mark on the name of the ailment it seeks to treat, namely, coronavirus.

The DB remarked that under section 17 of the Act, registration was conferred over the composite mark and not its components. Further, as per section 15 of the Act, if the proprietor wishes to claim exclusive rights over the individual parts of the mark, then they must apply for registration of the whole and the individual parts separately. In the present case, Arudra had failed to obtain registrations for the individual component 'CORONIL' and was hence disentitled to claim exclusive rights over the same. Besides, the Court noted that Arudra was yet to satisfy the Court on the reputation of its mark or that Patanjali had adopted the mark without due cause, which are matters yet to be determined at trial.



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, Chimes 61, Sector 44, Gurugram, Haryana 122 003, National Capital Region, India

T: +91 124 4708 700 | F: +91 124 4708 760
postmaster@knspartners.com | www.knspartners.com

Offices at: Bangalore | Chennai | Gurgaon | Hyderabad | Mumbai | New Delhi