

IP UPDATE

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Newsmakers in this issue!

- Indian court issues ‘plain packaging’ order
- Supreme Court rules against multiple patent proceedings
- Compulsory license of Nexavar upheld
- Novartis granted injunction against Vildagliptin manufacture
- Diageo granted injunction against local defendant
- Spillover reputation recognized despite no physical presence
- Controller General’s order on use in TM applications struck down

CASE LAW UPDATE

Indian court issues ‘plain packaging’ order



In a decision that would have implications for trade mark owners of cigarette and other tobacco products in India, the High Court of Allahabad issued an order in a constitutional writ (*Love Care Foundation v. Union*

of India) recommending the Government of India to consider the feasibility of implementing plain packaging for cigarettes and other tobacco products.

The petitioner in the writ was Love Care Foundation, a New Delhi based non-government organization (‘NGO’), working for the holistic development of economically and socially challenged children. The writ sought a direction for implementation of plain packaging rule for cigarettes and other tobacco products by prohibiting the use of logos, colors, brand names or prominent information on packaging. It was the case of the petitioner that attractive packaging on these products was a pseudo mode of advertisement and that cigarettes in attractive packaging attracted youth into smoking.

The petitioner referred to two pieces of Indian legislation during the arguments, namely, the *Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce Production, Supply and Distribution) Act, 2003* which restricted the advertisement of cigarettes and the *Cigarettes and Other Tobacco Products Rules, 2008* which dealt with health warnings regarding the ill effects of tobacco use. It was argued by the petitioner that despite these, tobacco products continued to be sold in attractive packaging. The petitioner, an NGO concerned with the development of children stressed that one of the objectives of the 2003 Act was to ensure effective protection of children and youth from being addicted to the use of tobacco. It was further pointed out by the petitioner during arguments that the Plain

Packaging Act, 2001 of Australia survived a challenge before the Australian courts.

Surprisingly, the respondents in the writ, namely, the Union of India and the State of Uttar Pradesh did not object to the claims in the writ. In the circumstances, the Court duly took note of Article 47 of the Indian Constitution that cast a primary duty on the State to raise the level of nutrition and standard of living to improve public health and held that the colorful cigarette packaging that drew the attention of the youth was an incentive to start smoking, thereby making it imperative to implement the plain packaging scheme. The Court further noted that in Australia, sales of cigarettes considerably reduced within a year of implementation of the plain packaging scheme and as such found it to be a positive sign to accept plain packaging formula in India also.

No more multiple proceedings in patent matters: Supreme Court

In a landmark judgment passed in June 2014 (*Dr. Aloys Wobben and Ors. vs. Yogesh Mehra and Ors*) in an appeal that arose from an order of the Division Bench of the Delhi High Court, the Supreme Court of India dealt with an issue that heralds the streamlining of patent enforcement procedures in India. The issue before the Division Bench of the High Court was whether the respondents (being the original defendants) should be permitted to continue the prosecution of proceedings for revocation of patents instituted by them before the Intellectual Property Appellate Board (“IPAB”) when they have elected to also prosecute their counterclaims for revocation of the very same patents in the suits for infringement filed by the appellant (being the original plaintiff). The Division Bench dismissed the appeal by holding that, till the stage of satisfaction was reached, two concurrent proceedings could proceed unimpeded.

The appellants challenged this finding of the Division Bench before the Supreme Court which noted that the respondents had filed 23 revocation petitions against Dr. Wobben’s patents under Section 64(1) of the Patents

Act before the IPAB, all filed on different dates. As a counterblast, Dr. Wobben filed a total of 10 patent infringement suits on various dates before the Delhi High Court. The respondents in turn filed counterclaims in some of these suits. Aggrieved by these multiple proceedings, Dr. Wobben first approached the High Court and then the Supreme Court, contending that the remedies provided under Section 64 (1) of the Indian Patents Act, 1970, which dealt with revocation of patents, were not conjunctive.

Section 64(1) reads as follows:

Revocation of patents - (1) Subject to the provisions contained in this Act, a patent, whether granted before or after the commencement of this Act, may, be revoked on a petition of any person interested or of the Central Government by the Appellate Board or on a counter-claim in a suit for infringement of the patent by the High Court on any of the following grounds.....

After hearing arguments from both parties, the Supreme Court agreed with the Dr. Wobben and held that the remedies available under Section 64 were not conjunctive and the section disentitles a party from availing both the remedies for the same purpose, simultaneously. Further, the Court ruled that the principle of *res sub-judice* should apply in order to determine which of the two remedies the respondent should be permitted to pursue further. In particular, the judgment laid down the following rules:

- If *prior* to the infringement suit, a defendant has filed a *revocation* under Section 64(1) before the IPAB, then the defendant would be disentitled to file a counter claim;
- If the defendant counter claims for revocation in a suit, he cannot thereafter file a revocation under Section 64(1) before the IPAB; and
- If any interested person has filed a post-grant opposition under Section 25(2), he is barred from filing revocation before the IPAB under Section 64(1) or filing a counter claim as a defendant in an infringement suit.

While this judgment has been largely welcomed by the patentees as it bars multiple revocation attempts at patents by the same party, the Supreme Court has left the question about the fate of an infringement suit pending finality of invalidity action, unanswered. It would be interesting to watch jurisprudence develop further in this area.

Bombay High Court upholds compulsory license of Bayer's drug Nexavar to Natco, an Indian generic company

In the last issue of *India IP Update* [Vol. XII Issue 2], we had reported that the Delhi High Court had banned the export of Natco's anti-cancer drug Sorafenat (manufactured under a compulsory license), which is a generic version of Bayer's drug Nexavar. Recently, the Bombay High Court had the occasion to deal with an appeal (*Bayer Corporation v. Union of India & Ors.*) arising from the order of the IPAB dated March 4, 2013 [reported in Vol. XI Issue 2 of *India IP Update*] which upheld the grant of the compulsory license (CL) by the Indian Patent Office (IPO) to Natco. It was the first CL granted by the IPO in respect of a patented drug.

The Bombay High Court upheld the findings of the IPAB that the patent fulfilled the grounds (namely, '*reasonable requirement of the public not met*', '*non-availability at reasonably affordable price*' and '*non-working of the patent in India*') under Section 84(1) of the Indian Patents Act, 1970, thereby justifying the grant of a CL to Natco.

Regarding the ground, '*reasonable requirement of public has not been met*', the Court pointed out that the initial burden lies on the applicant seeking a CL to make out a *prima facie* case that the reasonable requirement of public is not satisfied and that it is only on *prima facie* satisfaction of the Controller that the patentee is required to establish with the best evidence that the reasonable requirement of public is indeed satisfied.

The Court opined that determination of the exact

quantum of patented drug required by the public has to be on the basis of evidence produced by the parties. Regarding the adequate extent of demand for patented drug, the Court held that it should be 100% as, "*Medicine has to be made available to every patient and this cannot be deprived/scarified (sic) at the altar of rights of patent holder*".

On whether the patented drug is available to public at reasonably affordable price, the Court held that the same has to be determined on the basis of the evidence on relative pricing being offered by the patentee and the applicant seeking CL and after hearing the interested parties opposing the application. The Court held that the Act does not empower or direct the controller to fix the reasonably affordable price but only directs the Controller to ensure or secure that the patented article is available at a reasonably affordable price.

Further, the Court observed that the Patient Assistance Program (PAP) price (as referred to by Bayer in the course of its arguments) is an exceptional price created subject to the satisfaction of certain conditions and not the price at which the patented drug is made available to any member of public tendering the price. Besides, the select beneficiaries of PAP could not be considered as "all members of public" in general.

As regards working of the patent in India, the Court agreed with the IPAB that whether or not importation amounts to working of the patent is something that has to be considered on a case by case basis. The Court held that while a patent is not granted so as to enable the patentee to enjoy a monopoly with respect to the importation of the patented article, it is for the patentee to show that the patented drug is worked in the territory of India by manufacture or otherwise. Manufacture in all cases may not be necessary to establish working in India. However, the patentee would have to satisfy the authorities as to why the patented invention could not be manufactured in India, particularly if it has manufacturing capacity in India.

Novartis granted injunction against Ranbaxy from manufacturing Vildagliptin



Novartis recently initiated a series of suits before the Delhi High Court against various pharmaceutical companies in a move to enforce its Indian patent for Type 2 Diabetes Mellitus compound Vildagliptin. The patent in question was granted registration by the IPO in December 2007, with effect from December 1998.

Till date, Novartis has initiated eight *quia timet* actions by way of infringement suits filed before the Court against various pharmaceutical companies namely, Zee Laboratories Ltd., Wockhardt Ltd., Biocon Limited, Alembic Pharmaceuticals Ltd., Cadila Healthcare Ltd., Glenmark Generics Ltd., Bajaj Healthcare Ltd. and Ranbaxy Laboratories Ltd. The defendants in all the suits had sought the permissions from the Drug Controlling Authority to manufacture, sell and market Vildagliptin to entities in India. Novartis based its suits on this fact and contended that the defendants' acts established that they intended to launch a product that was likely to constitute infringement of the suit patent.

Latest in the series is the suit filed by Novartis against Ranbaxy (*Novartis A.G. v. Ranbaxy Lab. Ltd.*), in which a Single Judge of the Delhi High Court, while granting an interim injunction against Ranbaxy noted that the application for this patent was in public domain for the last sixteen years and no objection whatsoever had been raised by the defendant. The Court noted that the defendant had filed for revocation of the suit patent only in August 2014. Therefore, the Court concluded that the defendant's action of filing a revocation petition only in 2014, *prima facie* showed that the defendant wanted to launch the compound protected by the suit patent and since the defendant had not launched the product yet, the Court ruled that the balance of convenience was in

preserving *status quo* by restraining the defendant from manufacturing, selling or offering for sale compounds or formulations containing Vildagliptin or Vildagliptin in combination with any other compound that may amount to infringement of the plaintiff's patent. In an appeal filed by the defendant, a Division Bench of the High Court refused to interfere with the order of the Single Judge.

SNIPPETS

Diageo granted injunction against local defendant



The Delhi High Court recently granted an *ad interim* injunction to Diageo Brands B.V., against an Indian alcoholic beverages company, Khoday Breweries Limited, restraining the latter from using or asserting any rights to use the trade marks, "Khoday Black and White", "VAT 999", "Gudness" and "Bond's Green" which the Court held to be confusingly and deceptively similar to Diageo's trade marks, "Black and White", "VAT 69", "Guinness" and "Green Label" respectively. The Court, however, refused to issue an injunction against Khoday's already registered marks and pointed out that Diageo could initiate cancellation actions against those marks. The Court further declined to grant an injunction restraining Khoday from applying for deceptively and confusingly similar marks and held that it would lead to an absurd situation where there would be nobody to decide the registrability or otherwise of a trade mark, which a person wanted to adopt.

Spillover reputation recognized despite no physical presence in India



In a suit filed by London's high street fashion brand JANE NORMAN against a local defendant, the Delhi High

Court granted an injunction in favor of the plaintiff as it found strong evidence of spillover reputation enjoyed by the brand in India. While the plaintiff had no physical presence in India, it was able to produce evidence such as statistics detailing the number of visits by internet users in India to its website, India's ranking among countries from where internet users access the website, details of export of the products to India and enquiries received by the plaintiff from individuals and companies in India expressing interests in its products. The Court granted injunction and damages to the plaintiff and while doing so, took strong exception to the defendant's bad faith use of the expression, "Fashion from London" along with the infringing mark JANE NORMAN.

Delhi High Court dismisses copyright infringement suit relating to database

The Delhi High Court dismissed a suit for infringement of copyright filed by an online and print media publication house against two of its former employees accusing them of copying its 'database' consisting of contact details of customers, comments made by website visitors, their IP addresses as well as details of entities which could be targeted for future subscription. The Court, questioned the proprietary rights of the plaintiff in the said 'database' and held that it was nothing but a collection of e-mail addresses of the visitors to the website and that the plaintiff could not be said to be the author or composer of the same.

INSIGHT

Delhi High Court strikes down Controller General's 2012 notification preventing amendment of user information

Since June 8, 2012, trade mark applicants in India have been afflicted by a notification issued by the Controller General of Patents, Designs and Trade Marks ('Controller General'). The said notification prevented applicants from making any amendments to the date of use ("user information") in a trade mark application. The relevant portion of the notification reads as follows:

"No request for amendment shall be allowed which seeks substantial alteration in the application for registration of trademark. The substantial amendment in the trademark, proprietor details, specification of goods/services (except deletion of some of the existing items), statement as to the use of mark shall not be permitted. However request for amendment in the proprietorship of the trademark on the basis of valid assignment or transmission; amendment in address of the applicant or in the applicant's address for service; deletion or confinement of any item in the specification of goods/services, confinement/limitation in the area of sale of goods/rendering of service may be allowed."

As a result of the notification, the Trade Marks Office ('TMO') commenced a practice where all requests for amendment of user information, even if supported by evidence, were disallowed. The applicants were in fact being informally directed by the TMO to file a fresh application with the 'correct user information' and withdraw the request to amend the user information in their existing application so that it proceeds to registration, albeit with the incorrect user information. Needless to say, this quixotic practice was subjecting trade mark applicants to unspeakable inconvenience and avoidable monetary losses.

The Intellectual Property Attorneys Association of India ('the Association') took up the cause on behalf of its members, who constituted trade mark attorneys and agents and filed a representation before the Controller General on February 11, 2013. The said representation was never considered by the Controller General which compelled the Association to file a constitutional writ before the Delhi High Court. On May 29, 2014, the Court directed the Controller General to dispose of the said representation within six weeks, after giving a hearing to the Association. Accordingly, the Controller General issued an order dated June 26, 2014 rejecting the Association's representation giving the following reasons:

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- a. Trade mark applicants often seek to change the user information to an earlier date after a mark is opposed and such a practice should be curbed
 - b. Date of first use of a mark is a vital fact and a trader must be alert and cannot make a mistake by giving an incorrect date of first use
 - c. Functions of the Registrar of Trade Marks ('Registrar') are performed by various officers at the TMO and in order to harmonize their decisions, there should be such guidelines
 - d. Such a directive helps to stop misuse of the provisions of Section 22 of the Trade Marks Act, 1999 ('the Act'), which deals with correction of 'any error' or amendment of a trade mark application.

Faced with the said order, the Association went back before the Court which was to address the question that, when the statute conferred on the Registrar the power to permit correction of 'any error' in an application or to permit an amendment of the application, could the Controller General by a general order in the nature of a guideline direct as to which of such amendments should not be allowed. To address this question, the Court felt that it was necessary to determine whether the powers exercised by the Registrar under Section 22 were in the nature of quasi-judicial powers or administrative powers. Considering the various sections of the Act that empowered the Registrar to perform functions that were of a judicial nature including the passing of speaking orders that were amenable to appeal, the Court came to a conclusion that the powers exercised by the Registrar under Section 22 were quasi-judicial in nature.

Citing a Supreme Court ruling, the Court pointed out that in a democratic set up like India, persons occupying key positions were not supposed to mortgage their discretion, volition and decision making authority and that if any decision was taken by a statutory authority at the behest of a person who has no statutory role to play, the same would be patently illegal. It was found by the Court that the Registrar under the Act had been conferred with certain statutory powers which were adjudicatory in nature which were to be exercised by the Registrar himself. The Controller General, even if superior in hierarchy to the Registrar, had no statutory role to play in the matter of registration of a trade mark as provided in the Act. If any decision were to be taken by the Registrar at the behest of the Controller General as in the impugned notification, the same would be patently illegal. The Court found the notification to be a clear attempt by the Controller General to influence the Registrar's decisions which he alone was entitled to take under the Act. It was further pointed out by the Court that the Registrar had to, on a case by case basis, decide whether any amendment to advance the date of first use of a mark was an afterthought, and held that there could not be a general order to disallow such amendments.

This order brings a sigh of relief for multitudes of trade mark applicants in India whose applications have been languishing at the TMO due to the said notification. In fact, many applicants gave in to the pressures created by the said notification and proceeded to file fresh applications with the correct user date. The order also brings in clarity to the functions of the Registrar in the face of such notifications.

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