

IP news at a glance!

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CASE LAW UPDATE

Delhi High Court elaborates "newness and originality" of designs



The Delhi High Court, in *Pentel Kabhushiki Kaisha vs. Arora Stationers*, recently ruled that, mere trade variations to existing products will not entitle a person to claim newness and originality in a new product. Pentel Kabhushiki Kaisha ("Pentel"), sued Arora Stationers ("AS"), alleging piracy of Pentel's registered

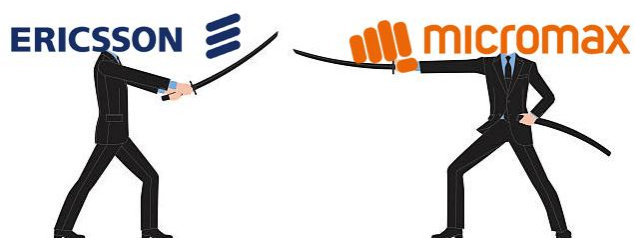
design for ball point pens. AS contended that Pentel's registration was invalid in the first place due to lack of originality and novelty and the same was fit for cancellation under Section 19 of the Designs Act, 2000 ("the Designs Act").

Referring to the various provisions of the Designs Act, the Court observed that a design is entitled to protection thereunder, if it is new or original. If it is neither new nor original, the design, though registered, is liable to be cancelled. At the same time, the Court observed that the pendency of the proceedings for cancellation of a registered design will not prevent a court from deciding the issue of entitlement of an interim injunction in a suit by a plaintiff. Here a court will have to not only examine whether or not the design of the ball point pen for which Pentel has obtained registration is new or original design, but also consider the other defences for cancellation of a registered design.

Pentel's design involved variations to the cap as well as the barrel of the ball point pen. The Court elaborated the scope of the phrases "newness and originality" under Section 4(1) of the Designs Act. It observed that for a design to have entitlement of grant and continuation of registration under the Designs Act, there must essentially be some innovation therein, which would entitle it for protection. The creator of the design is granted monopoly with respect to the use of the new or original design for the innovation involved. Mere trade variations to existing products which do not have newness or originality cannot be considered as innovations for granting monopoly under the Designs

Act. The Court thus held that registered designs of Pentel are mere trade variations to existing designs and cannot be said to have newness or originality for validly granting registrations under the Designs Act. Since these lacked newness or originality, the Court noted that registrations granted were liable for cancellation under Section 19 of the Designs Act. Accordingly, the Court found the defences raised by AS to Pentel's suit to be valid under Section 22(4) of the Designs Act and vacated the interim injunction initially granted to Pentel.

Ericsson and Micromax settle the SEP-FRAND dispute



In an interesting turn of events, the much-discussed SEP-FRAND 'patent war' between Ericsson and Micromax in *Telefonaktiebolaget LM Ericsson (Publ) vs. Mercury Electronics & Anr.* has been mutually settled, reportedly in view of a Global Patent License Agreement dated January 26, 2018 between the parties. While the terms of settlement are confidential, the parties have undertaken to withdraw all pending suits, counter claims and applications. It must be noted that this was the first infringement suit involving a Standard Essential Patent pertaining to 2G/3G technology that was filed in India and the ball rolling for various other SEP owners in the field of telecommunication (Vringo, Dolby, etc.) to sue several Indian and Chinese entities.

Counter-claim in patent infringement suit before civil court prevails over revocation before IPAB

In an interesting development, the Delhi High Court held in *Unilin Baheer vs. Balaji Action Buildwell* that, in a patent infringement suit, the effect of taking a

defence to infringement under Section 107(1) of the Patents Act or making a counter-claim under Section 64 of the Patents Act is the same.

The matter related to an infringement suit wherein the defendants, Balaji Action Buildwell ("Balaji"), had filed a revocation petition before the IPAB prior to the institution of the suit. Balaji requested for a stay on the suit until the IPAB adjudicated the revocation petition. Balaji had also pleaded that in view of the *Alloys Wobbens* judgment of the Supreme Court of India which held that multiple contentious proceedings in patent matters are not allowed, they were precluded from filing counter-claim under Section 64 of the Patents Act.

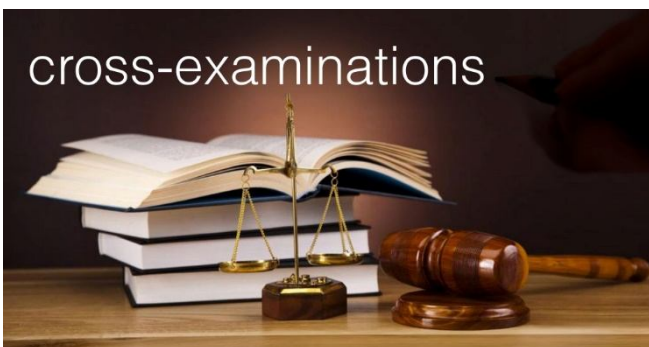
The Single Judge of the Delhi High Court observed that while there was no equivalent provision in Patents Act to that of Section 124 of Trade Marks Act, 1999, the spirit of the said provision must be followed, i.e., avoiding multiplicity of proceedings. Granting liberty of withdrawing the revocation petition before the IPAB and permitting the filing of a counter-claim in the suit, the Court held the following:

- If revocation before the IPAB is not applied for till the institution of the suit, the suit will have precedence;
- Since the IPAB, in the case of a revocation petition and the civil court, in the case of a counter-claim in a suit for infringement, have concurrent jurisdiction to decide revocation of a patent, the civil court proceedings will have precedence, based on hierarchy;
- Since the IPAB cannot grant the relief of infringement and consequential reliefs, it is more convenient and expedient that the proceedings in the infringement suit continue, rather than be stayed during the pendency of the revocation proceedings before the IPAB;
- Further, the orders of the IPAB are often challenged in constitutional writs and hence considerable time is spent before the orders of the IPAB attain finality. Thus, the issue of validity

of a patent can also be decided by a civil court instead of staying the suit pending adjudication of the revocation by the IPAB;

- The civil court cannot exercise power to transfer the revocation proceedings from the IPAB to itself. Hence, it is appropriate to grant liberty to the defendant in an infringement suit to withdraw the revocation proceedings pending before IPAB and file a counter-claim in the suit.

Cross examination in infringement proceedings: Technical experts of both sides can be present



In the on-going suit for infringement of patents in ***Dolby International AB & Anr. Vs. DAS Telecom Private Limited & Ors.***, the Delhi High Court allowed the technical expert witness of the defendant, DAS Telecom Private Limited (“DAS”), to be present during the cross examination of the technical expert witness of the plaintiff, Dolby International AB (“Dolby”).

Dolby objected to the presence of DAS’ witness who was its technical expert and witness on facts, whose cross-examination was pending. The Court noted that usually the witnesses of one party were not allowed to be present during the cross-examination of that of the other so as to prevent any learning in advance for such witness; that, however, these days, especially in complex suits, the evidence is not recorded in one day and subsequent witnesses have easy access to the written record of the cross-examination of the previously deposed witnesses. As such, the Court noted that the theoretical position of one party’s witness not allowed during the cross-examination of

the other did not any longer hold good. Further, the Court noted that lawyers or authorized representatives cannot be expected to have technical knowledge to cross-examine a technical witness and not allowing the expert to be present during cross-examination would be against principles of natural justice.

Accordingly, the Court allowed the presence of experts, especially technical witnesses and such third parties to be present during cross-examination proceedings in patent matters.

Working of Patents: Delhi High Court directs the Government to submit plan to modify existing Rules and Form 27

Recently, hearing a public interest litigation petition filed by Prof. Shamnad Basheer on issues pertaining to annual disclosures regarding Working of Patents under the Indian Patents Act, 1970, the Delhi High Court directed the Indian Patent Office (IPO) to submit a time-bound action plan to streamline and ensure compliance of the provisions governing Working of Patents.



The petition alleged non-compliance by patentees and /or their licensees of the requirement to submit complete details of annual patent working in India and at the same time, highlighted several alleged defects in the existing format of the prescribed Form 27. The petition even went ahead to contend non-compliance by Natco Pharma, the holder of the Compulsory License for Bayer’s patented drug, Nexavar. The petition also claimed that historic working statements of several companies including Roche, Novartis, MSD, BMS, Pfizer (Pharma), Ericsson, Nokia, Qualcomm,

Apple, Motorola, Samsung, RIM (Telecom) and some reputed Indian public funded research institutes, were studied for the purpose of the petition.

Four separate intervention petitions were filed in recent months on behalf of:

1. Naren Thappeta (patent attorney)
2. Ericsson
3. Natco Pharma and
4. Telecom Equipment Manufacturers Association (TEMA)

In their respective interventions, Naren Thappeta and TEMA presented divergent views on the appropriateness of the present Form 27 and the legal obligations on the patentees. On the other hand, Ericsson and Natco Pharma limited their petitions to rebut specific observations in the order dated January 10, 2018 on alleged non-compliance. It was later clarified by the Court that the same were mere submissions of the petitioner and not an opinion of the Court.

After hearing detailed submissions by all the parties, the Court observed that expeditious steps to ensure compliance of the statutory provisions concerning filing of working statements, deserve to be taken.

In view of the above, the Court directed the IPO to submit a time-based action plan for effecting any necessary modifications to the prescribed Rules or Form 27. In view of the order, the IPO invited comments from stakeholders on the issues concerning filing of working statements and suggestions for improving the same. The IPO recently held a stakeholder meeting, which was attended by over 50 participants including representatives from K&S Partners, wherein several inputs and suggestions were discussed.

The IPO thereafter invited the attendees to submit draft templates for Form 27 for consideration.

Legal background: The obligation of annual filing of patent Working Statement in India has always been a topic of intense discussion among stakeholders. Section 146(1) of the Indian Patent Act (“the Act”) empowers the Controller to direct any patentee or licensee to furnish a statement describing the extent of commercial working of the concerned patent in India. Section 146(2) imposes an obligation on all patentees and licensees to submit a statement describing the extent of commercial working of their patent in India, in a manner and form as may be prescribed. Further, Rule 131 of Patent Rules (the Rules), prescribes that a patentee (and licensee, if any) must furnish annually, the statement under Section 146(2), in the prescribed Form 27. If a patentee or a licensee does not comply with Section 146, the Controller may impose a fine, which may extend up to INR one million (~USD 15000) (Section 122).

Further, under Section 122(2), if a person furnishes information or statement (under Section 146), which is false and which he knows or has a reason to believe to be false or does not believe to be true, shall be punishable with imprisonment, which may extend up to 6 months, or with fine, or both. The information provided in Form 27 becomes available to the public at large by being published on the IPO’s website.

Needless to say, the patentees find it burdensome and laden with complexities in addition to risks of losing confidentiality of critical business information. On the other hand, public interest groups, especially in the healthcare sector have been lobbying for a stricter enforcement of this legal requirement. We will keep you posted of further developments.

GI Registry endorses Basmati as a product of the Indo-Gangetic Plains

Anyone who knows about Indian food would know Basmati rice too. The queen of all rice, Basmati is a geographical indication (GI) for an aromatic, long-grained rice originating in a specific region of the Indo-Gangetic Plains (IGP), shared by India and Pakistan. The



Agricultural and Processed Food Products Export Development Authority (APEDA) has been protecting Basmati rice as a GI in India and globally and had filed an application in 2008 to register Basmati as a GI in India.

Basmati was finally directed to be registered as a GI on February 5, 2016 by the Intellectual Property Appellate Board (IPAB). The IPAB was deciding an appeal filed by APEDA, against an order of the Assistant Registrar of GIs (AR) that allowed an opposition to APEDA's application by certain opponents from the Indian State of Madhya Pradesh (MP). MP falls in Central India and not in the IGP. APEDA claimed in the appeal that the Assistant Registrar had not considered its evidence, namely, lack of commercial cultivation of Basmati in MP, that MP does not fall in the IGP and that MP has no reputation for Basmati cultivation. Further, APEDA argued that the AR had not considered its expert's evidence that MP lacked certain climatic parameters that are crucial to the cultivation of Basmati rice. The IPAB, in its order, found that the geographical area

claimed by APEDA was undisputed and hence directed the AR to grant the GI Registration to APEDA. It also directed the AR to consider MP's claims by considering the pleadings and evidence of both the parties in respect of such claims.

On March 15, 2018, the AR passed an order rejecting the claims of MP to be included in the Basmati growing regions. In short, the AR found that MP had not produced any evidence as to historical and commercial cultivation of Basmati rice in the State nor has it proved that it is part of the IGP. Further, the AR considered the expert evidence submitted by APEDA, which established that shorter day length and the duration of light hours prevalent in IGP play a crucial role in Basmati cultivation.

MP has already filed a writ challenging this order before the High Court of Madras.

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