

IP News at a glance!

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and online availability of certified copies are being addressed;

- Financial statement containing foreign company’s annual turnover is sufficient to prove ‘small entity’ status;
- A separate module for patent opposition is under development;
- Video Conferencing (VC) for patent hearings is running smoothly;
- Design module is being updated to resolve technical issues in online filing;
- Facilitation for design applications filed by start-ups is provided;
- Preparation of database for copyright search is under consideration; and
- Cross-jurisdiction resource utilization and further hiring to strengthen capacity.

It is heartening to see the IPO making all possible efforts to streamline work and increase efficiencies. Transparency and approachability appear to be the new buzz words in the present-day IPO. We will keep our readers updated of any additional developments.

Retrospective permissions a possibility under the Biodiversity Act

In a recent notification (see link http://nbaindia.org/uploaded/pdf/OM_Sec48_NBA.pdf), the Ministry of Environment, Forest and Climate Change gave directions to the National Biodiversity Authority (the NBA), the administrative authority responsible for implementation of the Biodiversity Act, 2000 (‘the BD Act’), to consider retrospective requests for permission. As per the directions, the NBA will have to provide an opportunity to such defaulters who may have failed to seek due permission from the NBA for

POLICY INITIATIVES

Indian IP Office continues to make strides towards improvement

The Indian Patent Office (IPO) recently released a detailed note on the issues raised and suggestions received at the stakeholders’ meeting held on August 3, 2018 at Delhi. The key highlights of the note are listed below:

- IT Support Cell is functioning to provide help and resolve the issues in e-filing. Applicants have been requested to ensure that e-mails from IPO do not end up in spam;
- Issues related to online filing and uploading of documents, including foreign filing authorization

access to Indian biological resources or for filing patent applications involving Indian biological resources.

The BD Act requires any foreign entity (or an Indian entity, having a foreign share) to seek prior permission from the NBA before accessing any Indian biological resource. Further, it is mandatory for anyone filing a patent application (within or outside India), involving use of any Indian biological resource, to seek permission from the NBA. The BD Act provides for penal action for any contraventions which includes fine and/or imprisonment.

In the past, the NBA did not consider any retrospective permissions even in the case of any unintentional contravention, thereby leading to rejection of such requests or recommending legal action. In view of this, the general view of stakeholders was that not only was this a deterrent for researchers and industry, but the intent of the BD Act was also not being fulfilled. A White Paper (see link <http://ciipharma.in/pdf/Biodiversity-Law-and-Its-Compliance-Booklet.pdf>) outlining the issues pertaining to this was earlier released by one of the prominent industry bodies of India and presented to the concerned officials. K&S Partners co-authored this document along with other stakeholders and has been working hard to bring reform to this rather rigid law.

These directions are a welcome relief for researchers who may have used Indian biological resources in their research but failed to seek prior permission from the NBA. Similarly, those patent applicants who may have filed (and secured grant of) patents involving Indian biological resources without seeking any permission, can now approach the NBA for consideration of a retrospective approval. The NBA will provide such applicants with an opportunity to be heard and decide the matter on merit.

This is indeed a positive step towards further reform in the implementation of the BD Act which is intended for sustainable conservation of India's biodiversity.

Implementation of Drone Regulations in India announced

The Directorate General of Civil Aviation has announced the Civil Aviation Requirements for civil use

of Remotely Piloted Aircraft Systems (RPAS), commonly known as drones. These regulations will come into effect from December 1, 2018. Drone technology is an emerging field with wide variety of applications that have moved from military surveillance-based

usage to civil arena with usage ranging from delivery, aerial photography, aerial survey, agriculture to weather forecasting and disaster management.



The Ministry of Civil Aviation aims to establish a world-leading drone ecosystem in India. To that end, India has created an indigenous Digital Sky Platform which is a nation-wide unmanned traffic management (UTM) platform that acts as an automated traffic regulator in the drone airspace. The regulations entail flight permissions, timings as well as the permitted area of operation while implementing the "no permission, no take-off" rule. Users need a one-time registration with subsequent permission required for each take-off. The UTM operates as a traffic regulator in the drone airspace and further ensures that drones remain on the approved flight paths.

These regulations would further foster the development and innovation in the drone technology sector.

LEGISLATIVE UPDATE

Personal Data Protection Bill, 2018 released

The eagerly awaited draft for the Indian Privacy legislation called the Personal Data Protection Bill was released on July 27, 2018. The Government of India under the Ministry of Electronics & Information Technology had constituted an expert committee to draft a data protection legislation chaired by Justice Srikrishna. The *sui generis* draft legislation is broadly modelled after the framework and principles of the General Data Protection Regulation recently implemented in the European Union and takes cues from the privacy laws from several other jurisdictions.

The legislation, once implemented, would replace the current privacy regulations covered by the Information Technology, 2000 ("the IT Act") and the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011.

The salient features of the draft Bill include *inter alia*, well recognized privacy principles with regard to due notice to be sent to individuals before data is collected, provisions for a valid consent to include free, informed, specific, clear and capable-of-being-withdrawn consent by the data fiduciary. It further prescribes explicit consent for sensitive personal data. The Bill covers key rights of individuals such as the right to confirmation and access, right to correction and right to data portability and right to be forgotten that puts the individual in control of their data. Further, territorial purpose and collection limitations have also been included in the draft Bill. Additionally, the Bill also prescribes the creation of a data protection authority acting as independent and specialized regulator.

The Bill imposes onus on the data fiduciary to implement policies and measures ensuring that the legitimate interests of businesses including innovation is achieved without compromising privacy interests of individuals. Further, the data protection authority has also been tasked with the function of promoting measures and undertaking research for innovation in the field of protection of personal data.

The advent of a robust privacy legislation in India will have profound impact on the research and innovation ecosystem especially in the domain of Big Data and Artificial Intelligence that are essentially fueled by access to large datasets comprising individual's personal details. Clinical trials also collate personal data and extensive medical information from the trial participants and patients. At present, consent is required for clinical trials under the Drugs and Cosmetics Act and the legislative framework thereunder. With the enforcement of the Personal Data Protection Bill, the consent provisions under legislations that include collection of individual personal and biometric data shall have to be further

revised and realigned. This will enhance the regulatory mechanism around conducting clinical trials in India.

CASE LAW UPDATE

PATENTS

Patent on "Kilta" like device revoked

In *Dhanpat Seth and Ors. v. Nilkamal Plastic Ltd.*, the High Court of Himachal Pradesh revoked a patent on the ground that the invention was the result of traditional knowledge (TK) and aggregation /duplication of known components. The device in question was a "Kilta" a basket used for manually hauling agricultural produce for which the plaintiff Dhanpat Seth (Seth) was granted a patent in 2005.

Seth sued the defendant Nilkamal Plastic Ltd (Nilkamal) for infringement arising from manufacture and sale of the patented device. Seth prayed for permanent injunction



restraining Nilkamal from manufacture and sale of his patented device. Nilkamal filed a counter-claim for revocation of the patent on the ground that it was derived from the traditionally used carrying device, *Kilta*. Seth argued that the patented device was designed to adapt its contours to the back of a person with buckles and ropes to adjust the harness to fit people of different heights and sizes.

A Single Judge of the Court refused temporary injunction sought by Seth. On appeal, the Division Bench (DB) upheld the order.

The matter at heart was the issue of non-patentability of TK which is already disclosed in ancient texts or has been in continuous use by an indigenous population. In India, patenting of *an invention which in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components*, is prohibited under Section 3(p) of the Indian Patents Act, 1970 ("the Act").

Disclosure of TK wherein the claims are deemed to be anticipated regarding the knowledge, oral or

otherwise, available within any local or indigenous community in India or elsewhere in the world, is also a ground for opposition of a patent application under section 25 and revocation of a patent under section 64 of the Act.

While denying the ad-interim injunction, the DB observed that the Assistant Controller, had rejected the application for revocation filed by Nilkamal without taking the traditionally built *Kilta* into consideration as a citation. The reasoning of the Controller was that: "*Exhibit A is a Bamboo made Kilta with a strap but there is no proof of date of its publication. Hence the said document cannot be taken into consideration as a citation*". This was deemed faulty by the Court.

It was further observed that the case set up by Seth was not that he had invented an entirely new product but had developed a traditional *Kilta* by means of inventive steps in such a fashion that it amounts to an invention. After examining the material on record, the DB upheld the order of the Single Judge that the device developed by Seth is merely a result of TK with aggregation /duplication of known products such as polymers and, therefore, cannot be said to be an invention.

The patent was finally revoked in June 2018 *inter alia* on the grounds of being obvious considering prior use of the *Kilta* and for covering non-patentable subject matter under section 3(p) of the Act. It was held that the device was nothing, but an imitation of an age-old device called the *Kilta* which had been used for centuries where the bamboo material was merely replaced by plastic. Although India has successfully contested cases based on traditional knowledge in neem and turmeric in foreign jurisdictions, this judgement is the first of its kind in India.

TRADEMARKS

Disney gets relief against chocolate manufacturer

In *Disney Enterprises, Inc. and Ors. v. Pankaj Aggarwal and Ors.*, the Delhi High Court granted an injunction to Disney against the use by a local entity of the image of one of its characters on chocolates.



It was Disney's allegation that its character, "Lightning McQueen", a race car which speaks in animated form from the Disney movie called "Cars" was being used by the defendant on chocolates. The defendant's chocolates sold under the mark "Choco Car" consisted of an artistic work that was a complete imitation of the Disney's "Lightning McQueen" character.

Confirming the interim injunction initially granted and passing an *ex-parte* decree in favour of Disney, the Delhi High Court observed that it is important to prevent well-known characters from being misused for commercial products because the creation of fictional characters requires a great amount of creativity and an innovative mind. The Court noted that "Lightning McQueen" is a well-known character of Disney having acquired enormous reputation and goodwill and has transcended the movie in which it was featured, because children recognize the said character and treat it like a living being; that while fair use of the characters is permissible within the legally prescribed norms, unlicensed use of the image of a known character on chocolates, which Disney also licenses for legitimate use on chocolates, would be unlawful and illegal. Accordingly, the Court held that the use of the image of the character on chocolates without the consent, license or permission of Disney would constitute infringement of copyright and would also result in passing off the defendant's goods as those affiliated with and sponsored by Disney. The Court also directed the defendant to pay Disney legal costs to the tune of ~USD 1500 and damages to the tune of ~USD 7500.

Delhi High Court says Yes, No and Yes to Louboutin's red sole in a span of 8 months!

In the last issue of India IP Update, we had discussed two cases decided by the Delhi High Court in December 2017 and May 2018 dealing with the 'red sole' mark of the famous French designer shoe company, Louboutin. In both these cases, the plaintiff, Christian Louboutin (Louboutin), claimed exclusive trademark ownership in

the red colour on the soles of its ladies' shoes. While the Court allowed the claim in the December 2017 suit, it rejected the claim in the May 2018 suit.

In the latest order issued by the Court in July 2018 in *Christian Louboutin SAS v. Ashish Bansal & Anr*, which was proceeded ex-parte, the Court has again upheld Louboutin's exclusive



trademark ownership in the red sole. The defendant in this case operated from a local market in Delhi and was found to be dealing in infringing and counterfeit shoes bearing the RED SOLE trademark of Louboutin. The defendant even used a deceptively similar domain name to trade in its goods. The Court, apart from injuncting the defendant from infringing Louboutin's 'RED SOLE' mark, passing-off its goods as that of Louboutin and committing acts of unfair competition, also ordered the defendant to pay a sum of Indian Rupees 200,000 (~USD 2900) to Louboutin as damages.

IKEA v. IKAH: Injunction granted to IKEA

International retailer IKEA successfully sued a local infringer before the Delhi



High Court for infringement of the mark IKEA (*Inter IKEA Systems BV v. Annanya Gautam & Ors*). The local defendant, engaged in the sale of home appliances, was using a deceptively similar trade mark IKAH and a domain name ikah.in. The plea of the defendant that the mark IKAH was an acronym for "International Kitchen and Hardware" did not convince the Court. Nor was the Court impressed by the defense that customers buying the respective products are discerning and hence there would be no confusion. While holding IKAH to be visually similar to IKEA, the Court held that the use of the domain name ikah.in must be evaluated as a separate head of infringement because a visitor to IKEA's website could reach the defendant by merely mis-spelling IKEA.

BURGER KING gets a reprieve from the Delhi High Court

The Delhi High Court recently foiled an unimaginative attempt by a party based in Varanasi to claim rights in the trademark BURGER KING (*Burger King Corporation v. Ranjan Gupta & Ors*). Burger King Corporation, USA ("BK"), the plaintiff, sued the local defendants Ranjan Gupta ("Gupta") and others for running a "Burger King Family Restaurant" in Varanasi. Besides using BURGER KING as part of its trade name, Gupta also copied a near identical logo mark of BK and applied for registering the mark BURGER EMPEROR in classes 29, 30 & 43!



Though Gupta claimed prior use since 1970 and came up with an explanation for the adoption of the word 'BURGER', apparently by stringing the first letters of various members of the Gupta family, the Court was unimpressed. The Court was particularly suspicious of the fact that, while all trademark applications of Gupta prior to the legal notice from BK claimed user since 2005 or 2010, the ones filed subsequent to the same had a claim of use since 1970.

While accepting the argument by BK that BURGER KING enjoyed transborder reputation in India, the Court took into consideration the list of BURGER KING outlets in several international airports across the world and concluded that travelers would be well-aware of the restaurant chain. In upholding BK's trademark rights, the Court considered the uncanny resemblance between the respective logos, the fact that Gupta was unable to show prior use of the logo and the patently dishonest explanation of adoption. The Court noted that if such an explanation were to be accepted, it would lead to trivialization of trade mark rights.

Mere phonetic similarity does not render marks deceptively similar: Supreme Court

The genesis of *Nandhini Deluxe v. Karnataka Co-Operative Milk Producers Federation Ltd* is the order of

the Deputy Registrar of the Trade Mark. The said order rejected the opposition of the respondent, the Karnataka Co-operative Milk Producers Federation Ltd ('the Federation'), against the registration of the mark 'NANDHINI' by Nandhini Deluxe (ND), subject to ND deleting the goods "Milk and Milk products" from the specification of goods.



While the Federation adopted the mark 'NANDINI' in 1985 for milk and milk products and obtained a registration for the same in Classes 29 and 30, ND adopted the mark 'NANDHINI' for its restaurants in 1989 and applied to register it for various foodstuffs sold in its restaurants. The Federation opposed this application on grounds that it was deceptively similar to NANDINI and was hence likely to deceive the public or cause confusion. The Federation argued that the mark 'NANDINI' is exclusively associated with it due to long use and that ND's use could lead the public to believe that the foodstuffs sold by it are in fact that of the Federation's.

An appeal by the Federation before the Intellectual Property Appellate Board ('IPAB') challenging the order of the Deputy Registrar who dismissed the opposition was allowed by the IPAB. The IPAB's decision was subsequently confirmed by the High Court of Karnataka in Bangalore, triggering an appeal by ND to the Supreme Court.

While the Supreme Court found phonetic similarity between NANDHINI and NANDINI, it observed that the manner of representation of the marks was totally different. The Court noted that though the Federation is a prior user of NANDINI, ND had also been using the mark 'NANDHINI' for 12-13 years before it filed for

registration. Further, the Court pointed out that, while the Federation is producing and selling only milk and milk products, ND has given up its claim for milk and milk products and is trading in 'fish, meat, poultry and game, meat extracts, preserved, dried and cooked fruits and vegetables, edible oils and fats, salad dressings, preserves' etc. The Court also took note of the different nature and style of the respective businesses of ND and the Federation; while the Federation is a cooperative producing and selling milk and milk products, ND runs restaurants and the registration of mark 'NANDHINI' is sought for foodstuffs in its restaurants. The Court further noted that the Federation had failed to show that by 1989, when ND had adopted the trade mark 'NANDHINI', its mark 'NANDINI' had acquired distinctiveness and as such, found ND to be a concurrent user of the trade mark NANDHINI.

This decision also emphasizes the point that the proprietor of a trade mark cannot enjoy monopoly over the entire class of goods and, particularly, when he is not using the said trade mark in respect of certain goods falling under the same class.

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, 109, Sector 44, Gurgaon 122 003 National Capital Region, India

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