

Letter from India

'Decline is not our destiny' - Francois Hollande (French President)

Since our last publication, legislators all over the world seem to have smelt the coffee. Sweeping economic reforms from France to Mexico and (indeed!) India have been introduced to jump start stalling growth. Specifically in India, where earlier electoral calculations were hinged on a cap on inflation - spiraling onion prices have previously been decisive factors in state and national elections - there is now a 'floor on growth'. Growth of less than 6%, notwithstanding the more optimistic estimates of the Reserve Bank of India, has jolted Indian legislators to get the fiscal house in order before the 2014 national elections. This has translated into a reduction in fuel subsidies and opening up FDI notably in the retail and aviation sectors. More on this on Page 6.

Recent ambitious proposals are not limited to the economic domain alone. The Human Fertilisation and Embryology Authority in the UK has proposed a seemingly fantastical idea - creating children with three genetic parents. The intent is to eliminate rare diseases related to energy metabolism which are transmitted from a mother to her child via the mitochondria - the human cell's power producers. The method involves transplanting the nucleus of an egg with diseased mitochondria to another otherwise healthy egg. The transplanted egg is subsequently fertilized. Fears of designer babies may be allayed since most of the resulting child's genes would still come from a couple the child considers its parents. The cell nucleus carries 20,000 genes and mitochondria only 37, all of which are exclusively connected with energy metabolism and not looks or intelligence. The dilemma is that most countries currently prohibit human genetic modification - so should this change? On the Indian front, new guidelines on 'similar biologics' were issued in June this year to keep pace with and safeguard developments in the laboratory.

This and much more is discussed in the current edition. Enjoy!

Firm Buzz

► To keep up with demands of an expanding business, 10 professionals were added to our patent and trade mark teams in the last few months.

The patent team has gained depth in its bio-medical, biochemistry, electronics, computer sciences and mechanical divisions.

► In late October, once again we were adjudged the top firm in India for our trade mark practice. Asia IP magazine conferred us with the '2012 India Trademark Firm of the Year' award at a glittering ceremony on the eve of the APAA Conference. We are honoured.

► The Legal 500 Asia-Pacific rankings for 2013 were also released recently. Among Indian Intellectual Property practices, the firm has been ranked in Tier 1.

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TRADE MARKS

Changing The Rules

In India's bid to keep pace with international obligations, the government recently published a notification containing proposals for amendment of the Trade Mark Rules, 2002. Recommended changes include direct reference to the Nice Classification of goods and services and inclusion of a chapter providing special provisions concerning protection of trade marks under the Madrid Protocol. Further, a 4 month window from the date of advertisement is proposed for filing oppositions as opposed to the current period of 3 months (extendible upon request by 1 month). Under the new Rules provisions relating to 'textile trade marks' are also proposed to be omitted.

A Pure Case Of Infringement

The Procter & Gamble Company (P&G) filed an action for infringement and passing off against various entities in September seeking to restrain them from using the mark 'BE PURE' and/or its stylized form or indeed any deceptive variation of P&G's trade mark 'AMBI-PUR', its stylistic variation, related artworks, distinctive designs of the diffuser/refill and trade dress in respect of air fresheners and/or similar products. The High Court of Delhi was quick to grant an ex parte ad-interim injunction restraining use of the trade mark 'BE PURE' and label/packaging having artistic work, content, layout, colour combination, designs of diffuser and refill, trade dress and/or overall getup identical, or deceptively similar, to P&G's trade mark, copyright and design rights. P&G's request for appointment of a Local Commissioner with directions to seize infringing materials was also allowed which led to seizure of hundreds of infringing products.

Goodyear: The Tyre Giant

In early November, The Goodyear Tire & Rubber Company filed an action for infringement and passing off (Goodyear Tire & Rubber Company & Anr. v. Harish Gugnani & Ors.) against several manufacturers, distributors and retailers seeking to restrain them from using trade marks featuring 'Good' as a predominant element vis-a-vis products identical/similar to goods covered under their marks, those being tyres and tubes. These marks included many 'Goodyear' formative marks and other variations such as 'Good Wear', 'Good-Wear', 'Good Ear', 'GC Goodcare', 'Good Care', 'Goodcare', 'Good Air', 'Good Rock' etc.

The High Court of Delhi granted an ex parte ad-interim injunction restraining all defendants from using the trade mark 'Goodyear' and/or deceptive variations thereof wherein 'Good' was a dominant feature. Goodyear's request for appointment of Local Commissioner/s with directions to seize the infringing material was also allowed. Accordingly, Commissions were executed simultaneously at 6 locations over 3 cities resulting in seizure of large quantities of infringing products.

Re-examining Trade Mark Exhaustion

Our previous issue discussed the case of *Samsung Electronics Company Limited & Anr. v. Kapil Wadhwa & Ors.* which involved the question of whether or not parallel imports are allowed in India. Rather surprisingly, the single judge had ruled that import/export of printers under a registered trade mark was use thereof and any unauthorized import by a person other than a registered proprietor/permitted user amounted to infringement of trade mark rights. In other words, he was of the opinion that India follows the principle of 'national exhaustion of rights' and, therefore, even import of genuine products without the consent of the proprietor equalled infringement of registered rights.

On appeal the Division Bench (two judge bench) has cleared all ambiguity in the matter by affirming that India follows the principle of 'international exhaustion'. Thus, import of products which are lawfully acquired after the proprietor of a trade mark had put them on the (any) market would not constitute infringement. Partly allowing the appeal, the previous order of February 17, 2012 was set aside insofar as it restrained the defendants from importing products under the mark SAMSUNG and selling the same in India. However, the defendants have been directed to prominently display in their showrooms that the products sold by them are imported and no warranty or after sales service is being provided by Samsung Electronics Company Limited. The onus for providing warranty and after sales services instead lay on the defendants.

A Valid Plea To Cancel?

In the recent case of *Data Infosys Ltd. and Ors. v. Infosys Technologies Ltd.*, the Division Bench of the Delhi High Court was caught in a dilemma whilst interpreting Section 124(1)(b)(ii) of the Trade Marks Act, 1999 which pertains to the plea of invalidity in an infringement suit. The moot question was whether or not a party can file, if not already

filed, a petition to rectify/cancel the opposite party's trade mark without the leave of the Court, if it pleads invalidity of the said trade mark. Divergent opinions exist on the issue. The Division Bench of the High Court of Delhi has held that a rectification/cancellation petition cannot be filed without establishing and obtaining prima facie satisfaction of the court on the tenability of the plea of the invalidity of a registered mark (*Astrazeneca UK Ltd. Anr. v. Orchid Chemicals and Pharmaceuticals Ltd.* (2007)). On the contrary, the High Court of Madras has judged that the right to file a rectification/cancellation petition is a statutory right conferred upon any party aggrieved by an

entry made in the Trade Marks Register and, therefore, prior permission of a civil court is unnecessary before filing any such action (*B. Mohamed Yousuff v. M/s. Prabha Singh Jaswant Singh* (2006)).

In the instant case, the single judge had followed the latter decision. On appeal, the Division Bench observed that the conflicting decisions necessitated examination of the issue by a larger bench and, accordingly, referred the matter to a Full Bench (comprising 3 judges) of the Delhi High Court. Given the enormity the decision shall bear, it is one eagerly awaited by the IP community.

PATENTS

New Guidelines On Similar Biologics

Drafted by the Central Drugs Standard Control Organization (CDSCO) and the Department of Biotechnology (DBT), 'Guidelines on Similar Biologics' were made public this June.

The guidelines prescribe a regulatory pathway for a biologic claiming to be similar to an already authorized reference biologic. A 'similar biologic' is defined as a '*biological product/drug produced by genetic engineering techniques and claimed to be 'similar' in terms of safety, efficacy and quality to a reference biologic, which has been granted marketing authorization in India by the Drug Controller General of India on the basis of a complete dossier, and with a history of safe use in India.*' Interestingly, the Indian guidelines are akin to European norms and divergent from the US Biologics Price Competition and Innovation Act, 2009 in that they do not distinguish between a 'biosimilar' and an 'interchangeable' product.

Addressing pre-market regulatory requirements including quality comparisons, preclinical and clinical studies, the guidelines also prescribe post market regulatory requirements. Requirements relating to manufacturing processes and overall quality control of biologics are covered as well.

Prior to the introduction of these guidelines, biological products - whether new or similar biologics - were approved as 'New Drugs' under Schedule Y of Drug and Cosmetics Act, 1940. However, Schedule Y provisions were considered insufficient to maintain quality, safety and efficacy of generic biotech products. By mandating adherence to several scientific and technical parameters at different points such as manufacturing, packaging, labeling and distribution as well as determining shelf-life of a product, the new guidelines have filled a vital regulatory gap.

Outlined is an extensive analytical, physico-chemical and biological characterization which includes elaborate functionality and immunogenicity tests to establish that proposed biologics are highly similar to reference biologics (notwithstanding minor differences in clinically inactive components). Furthermore, the guidelines provide that the manufacturing process of similar biologics should be as consistent and robust as the reference product. It is also noteworthy that in case similar biologics do not demonstrate substantially comparative results to reference biologics in all preclinical evaluations and/or the pharmacokinetic (PK/PD) studies, the said biologics will be treated as 'stand-alone products'.

Bird's Eye View: Fresh Guidelines On Traditional Knowledge Related Inventions

The Indian Patent Office too issued guidelines recently. These concern processing of patent applications relating to traditional knowledge (TK) and/or biological material. Primarily directed towards Patent Officials who ought to follow them whilst processing and examining a TK and/or biological material related patent application, the salient features of the guidelines are as follows:

- (i) Procedures have been specified for screening, allotment, examination (including how to assess novelty and inventive step), securing permission from the National Biodiversity Authority and publication of the list of TK related patent applications.
- (ii) The guidelines mandate identification, screening and classification of a TK related application as soon as it is filed at the Patent Office. In case the said screening and/or classification is not found to be in order, provisions for re-classification by the 'Group leader' (Senior Controller) are

specified. The Group leader is also responsible for allocating TK related cases only to suitable Examiners.

(iii) In a welcome step, Examiners are directed to search through the Traditional Knowledge Digital Library (TKDL) and other databases for anticipation and make available a copy of prior art documents to the applicant in English.

(iv) Various principles are also stated for strict assessment of novelty and inventive step of a TK and/or biological material related invention. This aspect is bound to attract a lot of attention from stakeholders.

(v) Other provisions relate to seeking permission from the National Biodiversity Authority (NBA) to use a genetic resource obtained from India - as provided under Section 6 (1) of Biodiversity Act, 2002. The requirement to declare in a patent application form as to whether or not a biological resource from India has been used exists in the patent statute (since 2005) but it is now going to be enforced much more rigorously. In this respect, an additional requirement to include a statement as to whether biological resource has been obtained from India or not is proposed to be inserted in the beginning of the description of an application.

The Patent Office has invited comments from stakeholders and the guidelines will be finalized upon reviewing the same. We shall keep you updated.

The Tarceva Judgment: More Than Meets The Eye

In the first week of September, the Delhi High Court passed final judgment in the closely watched and anticipated infringement suit filed by F. Hoffman La Roche Ltd (Roche) against India's generic giant - Cipla Ltd. (Cipla) for alleged infringement of its cancer drug Tarceva and the counter claim for revocation filed by Cipla.

Cipla's counter claim of revocation was based on four grounds and was decided thus:

First, Cipla's challenge on obviousness or lack of inventive step was found wanting. The court was of the opinion that Cipla failed to discharge the onus cast on it as establishment of material facts was missing in the evidence placed on record. Relying on principles elucidated in the seminal Supreme Court judgment of *Biswanath Prasad Radhey Shyam vs. Hindustan Metal Industries*, it was reiterated that the question of obviousness is always a mixed question of fact and law.

Second, Cipla's challenge based on Section 3(d) of the patent statute also failed as no positive evidence was advanced to show that the compound claimed in Roche's patent was a new form of a compound disclosed in prior art.

Third, quite interestingly, while the court confirmed that Cipla had successfully made out a case of revocation under the ground of non-compliance with Section 8 (casts a duty of disclosure on the applicant re foreign applications), the relief of revocation was denied stating it had the discretion to revoke even after a ground had been made out. Carefully analyzing the circumstances of the case, the court pointed out several inconsistencies in the stand taken by Cipla. Plus, it emphasized that no other ground of revocation of patent was established by Cipla. In coming to this conclusion, the court has interpreted and affirmed the true import of the expression '*any other application relating to the same or substantially the same invention, if any filed in country outside India*' appearing in Section 8. Roche was held to have violated this requirement as details of its polymorph B patent application (which was filed much later) were not disclosed during the prosecution of its patent application for the compound per se (which was also established during the trial to be a mixture of Polymorphs A and B). Last, on the ground of concealment and false representation, once again relief was denied to Cipla as it had not lead any evidence nor framed any issues in this context.

Coming to the second limb of the judgment, Roche's claim for infringement was also denied. In the court's opinion, Roche had not furnished positive evidence *vis-a-vis* the exact nature of both its product and Cipla's products in the market. It had also not proven whether Cipla's products corresponded exactly with the claim of the suit patent. Behind the court's decision on this aspect lay its refusal to accept the principle that 'a polymorphic form of a compound will infringe the basic compound claim even when the polymorphic form in question is covered in a separate application/patent'.

On the whole India's first judgment on infringement of product patents is reasoned, if not anything else! The interpretation adopted by the court for the Section 8 violation assumes importance as it will impact patent office procedure on compliance with this requirement and influence other revocation proceedings pending before the courts.

DESIGNS

The Microlube Case: Towards Clarity In Design Law

The Delhi High Court's judgment in the Microlube case is a weighty one. It has observed that a suit for piracy of a registered design is not maintainable against another registered proprietor, even if the latter's designs have been registered after the plaintiff's designs. Such a matter is one involving cancellation of a design and comes within the domain of the Controller and lies outside the jurisdiction of the court. It was also opined

that the common law remedy of passing off is not available in a designs case for, as opposed to rights under the trade mark statute, design rights are strictly statutory rights.

Noting judicial inconsistencies re maintainability of suits against defendants owning registered design rights as well as the availability of the remedy of passing off under designs law, the judge has referred the matter for consideration by a larger bench of the court to establish clarity. A decision is avidly awaited.

COPYRIGHT

Copyright In Advertising Slogans?

The case of *Godfrey Phillips India Ltd. v. Dharampal Satyapal Ltd. & Anr.* saw two prominent pan masala (betel nut flavoured mouth freshener) manufacturers pitted against each other. The dispute centred on Godfrey's advertising slogan 'Shauq Badi Cheez Hai' (passion is important) and Dharampal's slogan 'Swaad Badi Cheez Hai' (taste is important).

Godfrey claimed that 'Shauq Badi Cheez Hai' was created as an advertising punch-line for its product 'Pan Vilas Pan Masala' and huge investments had been made to promote the said product. A trade mark application for the slogan had been filed as well. Further, in its opinion, the slogan also merited copyright protection for it was an original literary work. Merely replacing the word 'Shauq' with 'Swad', Dharampal had slavishly imitated its slogan and campaign. Accordingly, a suit alleging infringement of copyright, passing off, unfair competition, dilution and rendition of accounts/damages, delivery up etc. was filed against Dharampal.

On its part, Dharampal contended that its slogan 'Swad Badi Cheez Hai Swad Se Badhkar Kuch Nabi Tulsi Saada Pan Masala' (taste is important, there is nothing more important than taste, Tulsi betel nut flavoured mouth freshener) was entirely different from Godfrey's slogan.

In the court's opinion, the slogan 'Shauq Badi Cheez Hai' was a combination of common words devoid of a high degree of skill. Thus it did not qualify as an 'artistic/literary work' under the (Indian) Copyright Act, 1957 and was non-copyrightable. Further, Godfrey could not claim trade mark infringement as its application for registration of trade mark had not matured to registration as yet.

As for the issue of passing off, the court observed that the gist of such an action is deceit. To find success, Godfrey would first have to prove that the repute attached to its slogan was strong enough to enable consumers to connect it to Godfrey's products. It would also have to show that its slogan had acquired a secondary meaning and its use or use of a deceptively similar slogan by a third party would be sufficient to deceive customers into thinking that the third party's goods were that of Godfrey. While actual deception need not be proved, reasonable grounds for apprehending deception must present themselves.

The court was of the view that both slogans conveyed different meanings: one conveyed a person's passion for the good things in life whereas the other denoted taste in respect of food products. Thus, chances of confusion in the minds of consumers were low. It was held that Godfrey had failed to make out a prima facie case and its application for interim injunction was dismissed.

Defence In Copyright Infringement: *De minimis non curat lex*

The Division Bench of the Delhi High Court in *India TV Independent News Service Pvt. Ltd. & Ors. v. Yashraj Films Pvt. Ltd.* recently provided an excellent analysis on culpability in trivial copyright infringements and applicability of the maxim '*de minimis non curat lex*' (the law does not concern itself with trifles).

India TV Independent News Service Pvt. Ltd. runs a news channel called 'INDIA TV' whereas Yashraj Films is a leading film production house in India. In one instance, India TV used the first five words of the lyrics of a popular song, the copyright of which vested in

Yashraj, in a TV commercial for one of its programmes. On another occasion, a singer on a show sang a few lines of several songs originally sung by her, which had featured in different cinematograph films, with accompanying video clips. The copyright for seven of these songs belonged to Yashraj. In suits alleging copyright violations, the interlocutory applications were decided in favour of Yashraj in 2011 and costs of Rs. 2 lacs (approx. USD 4000) were also awarded to them.

India TV filed an appeal. Observing that copyright invited the maximum trivial violations an increasing number of which were reaching the courts of late, three reasons were offered by the bench to explain why such disputes were so common. To begin with, any type of work that is fixed and contains even a modicum of creativity is copyrightable. Also, copyright attaches to these works automatically without the need for registration. And finally, the statutory rights of copyright owners are wide. In these circumstances, the court felt the maxim '*de minimis non curat lex*' was a very appropriate defence to copyright infringement, reasons being: (i) the fair use concept is a bad theoretical fit for trivial violations; (ii) *de minimis* analysis is much easier; and (iii) *de minimis* determination, is the least time consuming and in the interest of both parties and the society at large. Turning to the factors to be considered while applying the *de minimis* rule, these were elucidated thus: (i) the size and type of the harm; (ii) the cost of adjudication; (iii) the purpose of the violated legal obligation; (iv) the effect on the legal rights of third parties; and (v) the intent of the wrongdoer.

Applying these principles to the dispute at hand, the following specific observations were made:

(i) Advertisement: The size of the harm was the use of a mere five words from a song of five stanzas. Further,

though these five words appeared prominently at the beginning of the advertisement, so powerful were the dialogues in the remainder of the advertisement that an ordinary viewer would remember it for its socially educative thrust and not the song used. Also, India TV did not intend to steal from Yashraj but to educate the public on adulterated and counterfeit goods at no personal financial gain. On the subject of cost of adjudication, Yashraj conceded that if the advertisement had been of commercial value, they would have charged close to Rs. 10,000 (approx. USD 200) as license fee. Applying the five factors mentioned above, it was held that the infraction was trivial and attracted the defence of *de minimis*.

(ii) Programme: While the singer had recited the lyrics of songs in which she did not have broadcasting rights, *prima facie* she could not be denuded from using excerpts of her performances for all times to come. Given that the lives of performers cannot be separated from their performances, if in a chat show, a singer were to sing more than a wee bit, but not substantially the full songs, and as long as the singing duration was limited to a minute or so at a time, it would be a case of *de minimis* use. The chat show in question was a 45 minute long programme on the life journey of the singer, wherein cumulative singing time for nine songs was less than 10 minutes. The intention was thus to inform the viewers about the artist and any harm caused to the copyright owner of the sound recording was very minimal. Thus, this instance too was adjudged as a case of *de minimis* use.

To conclude, the Division Bench set aside the previous order. However, it was expressly made clear that no visual clippings from any cinematograph films should be displayed without first seeking an appropriate license.

CORPORATE LAW

Developments In The FDI Policy

Single Brand: Under the erstwhile regime, Foreign Direct Investment (FDI) up to 51% was permitted in single brand product retail trading subject to prior government approval and conditions. Recent revisions in policy have upped the limit and under the government approval route, 100% FDI is now permitted in single brand retail trading.

Multi Brand Product Retailing: With the exception of single brand retail trading discussed above, retail trading activity in India was earlier not open to FDI. In November 2011, 51% FDI was allowed in multi brand retail trading.

However, following widespread opposition, including that from government allies and several state governments, the revision was suspended. It was recently allowed again (under the government approval route and subject to certain conditions) with the rider that retail sales outlets may be set up only in those states which agree to allow FDI in multi brand retail trading.

Power Exchanges: As per the extant policy, FDI up to 100% is permitted in the power sector (except atomic energy) under the automatic route. This includes generation, transmission and distribution of electricity as well as power trading. However, no policy existed for

dispensation of foreign investment in Power Exchanges. The government has now reviewed its position and decided to permit foreign investment up to 49% in Power Exchanges subject to an FDI limit of 26% and FII (foreign institutional investor) limit of 23%. FDI would be permitted under the government approval route whereas FII investments would be permitted under the automatic route.

Civil Aviation: Previously FDI under the automatic route was permitted in the civil aviation sector in the following manner:

(i) Up to 49% in Scheduled Air Transport Services/ Domestic Scheduled Passenger Airlines.

(ii) Up to 74% in Non-Scheduled Air Transport Services.

(iii) Up to 100% in Helicopter and Seaplane Services.

Foreign Airlines were not allowed to participate directly or indirectly in the equity of an entity engaged in operating Scheduled and Non-Scheduled Air Transport Services. Recently, the government has permitted foreign airlines to make such investment up to 49% under the government approval route. The 49% limit will subsume FDI and FII investment.

About Us

As we celebrate the 185th anniversary of our founding, we enjoy a legacy unrivaled by contemporaries in India. Proud to have been at the vanguard of IP jurisprudence in the country, we are at the forefront of law and policy evolution even today.

Our firm actively supports over 7000 clients across the globe and has been handling 25% of all inbound Trademark and Patent work in the country. A significant increase in work and clientele in recent years bears testament to the quality of our services. We cherish our partnerships and look to deepen our engagement with all stake holders as we make history over the next 185.



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