



KLE LAW ACADEMY BELAGAVI

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STUDY MATERIAL

for

Intellectual Property Rights Law I

Prepared as per the syllabus prescribed by Karnataka State Law University (KSLU), Hubballi

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Intellectual Property Rights-I

UNIT-I

Introductory Aspects: Overview of the concept of property; Industrial property and nonindustrial property; Historical background of IPR; Importance of human creativity in present scenario; Different forms of Intellectual Property and its conceptual analysis.

Patents: Introduction and overview of patent protection; History of Patent protections; Meaning and definition of patent; Object of patent; Scope and salient features of Patent Act; How to obtain a patent; Product patent and Process patent; Specification – Provisional and complete specification; Opposition proceedings to grant of patents; Register of patents and Patent Office; Rights and obligations of patentee; Transfer of Patent Rights; Compulsory licences; Government use of inventions; Revocation and surrender of patents; Infringement of Patents; Offences and Penalties.

UNIT-II

Trade Marks: Introduction and overview of trade mark; Evolution of trade mark law; Meaning and definition of Trade mark; Object of trade mark; Features of good trade mark; Different forms of trade mark; Trade marks registry and register of trade marks; Property in a trade mark; Registrable and non-registrable marks; Basic principles of registration of trade mark; Deceptive similarity; Assignment and transmission; Rectification of register; Infringement of trade mark; Passing off; Domain name protection and registration; Offences and penalties.

UNIT-III

Introduction and overview of Cyber Intellectual Property; Intellectual property and cyberspace; Emergence of cyber crime ; Grant in software patent and Copyright in software; Software piracy; Trade marks issues related to Internet (Domain name); Data protection in cyberspace; E-commerce and E-contract; Salient features of Information Technology Act; IPR provisions in IT Act; Internet policy of Government of India.

UNIT-IV

Geographical Indications: Introduction and overview of geographical indications; Meaning and scope of geographical indications; Important geographical indications of India and their features; Salient features of the Protection of Geographical Indications Act; Protection of geographical indications; Misleading use of geographical indications; Registration of geographical indications; Right to use geographical indications; Infringement; Remedies against infringement; Role and

functions of Registrar of Geographical indications; Conflict between Trade mark and geographical indications.

UNIT-V

International Convention and Treaties: Paris Convention: Background; Salient features of Paris Convention; Governing rules of Paris Convention; Patent Cooperation Treaty: Background; Objectives of PCT; Salient features of PCT; Madrid Convention: Salient features; International registration of marks; World Intellectual Property Organisation: Background; Salient features WIPO; Organisation of WIPO

UNIT- I

OVERVIEW OF THE CONCEPT OF PROPERTY

The term property includes all the legal rights of a person. That is to say that it includes complete ownership of a man on material as well as incorporeal things. Property is basically of two categories: Corporeal Property and Incorporeal Property. Corporeal Property has a tangible existence in the world and is related to material things such as land, house, ornaments, silver, etc. Incorporeal Property is intangible because its existence is neither visible nor tangible. Right of easement and copyrights are incorporeal property.

Industrial Property

Industrial property takes a range of forms, the main types of which are outlined here. These include patents for inventions, industrial designs (aesthetic creations related to the appearance of industrial products), trademarks, service marks, layout-designs of integrated circuits, commercial names and designations, geographical indications and protection against unfair competition. In some cases, aspects of an intellectual creation, although present, are less clearly defined. What counts then is that the object of industrial property consists of signs conveying information, in particular to consumers, regarding products and services offered on the market. Protection is directed against unauthorized use of such signs that could mislead consumers, and against misleading practices in general.

“Industrial property shall be understood in the broadest sense and shall apply not only to industry and commerce proper, but likewise to agricultural and extractive industries and to all manufactured or natural products, for example, wines, grain, tobacco leaf, fruit, cattle, minerals, mineral waters, beer, flowers, and flour.” Paris Convention – Article 1(3)

HISTORICAL BACKGROUND OF IPR

The origins of Intellectual Property – 500 BC

The history of intellectual property is complex and fascinating. It begins in 500 BCE when Sybaris, a Greek state, made it possible for citizens to obtain a one year patent for “any new refinement in luxury.” Patent, trademark and copyright laws have become more complicated in

the ensuing centuries but the intent remains the same. Countries establish intellectual property laws to foster creativity and to make it possible for the inventor to reap the benefits of their ingenuity.

Intellectual Property Legislation -1623

Mentions of copyrights, patents and other matters of intellectual property law are sparse in early history. It is not until medieval Europe that some major and well-known legislation was passed. The first of these was the Statute of Monopolies. This British law was established in 1623. At the time, all major industries were controlled by guilds. Each guild held considerable power, with the government endowing them with the ability to dictate what products and raw materials could be imported as well as how those items would be produced and sold. Moreover, the guilds were responsible for bringing all new innovations to the marketplace, essentially giving them ownership and control over inventions even if they had nothing to do with their creation.

Ownership Rights – 1710

The Statute of Monopolies changed that by allowing the author or inventor to retain their ownership rights. Monopolies, in the form of government-sanctioned guilds, were no longer granted. The law also guaranteed the inventor a 14 year period during which he had the exclusive right to govern how his invention was used. Other significant legislation came in 1710 with the Statute of Anne. This law similarly provided a 14 year term of protection. It also gave inventor the option of seeking a 14 year renewal term. Aimed largely at copyrights, this law granted authors rights in the recreation and distribution of their work.

Intellectual Property in colonial US – Early 1800's

Shortly after the U.S. broke away from Great Britain, most of the 13 colonies had established its own system for intellectual property protection. The one exception to this was Delaware. However, it was soon apparent that having each state operate its own system of intellectual property protection was problematic, leading to the establishment of federal laws that had precedence over any state laws.

Global Intellectual Property – Late 1800's

In 1883, the Paris Convention came into being. It was an international agreement through which inventors could protect their innovations even if they were being used in other countries. Writers came together in 1886 for the Berne Convention which led to protection on an international level for all forms of written expression as well as songs, drawings, operas, sculptures, paintings and more. Trademarks began to gain wider protection in 1891 with the Madrid Agreement while the offices created by the Paris and Berne Conventions eventually combined to become the United International Bureaux for the Protection of Intellectual Property, the precursor of today's World Intellectual Property Organization, which is an office of the United Nations.

DIFFERENT FORMS OF INTELLECTUAL PROPERTY AND ITS CONCEPTUAL ANALYSIS

Copyright

Copyright law deals with the protection and exploitation of the expression of ideas in a tangible form. Copyright has evolved over many centuries with respect to changing ideas about creativity and new means of communication and media. In the modern world, the law of copyright provides not only a legal framework for the protection of the traditional beneficiaries of copyright, the individual writer, composer or artist, but also the publication required for the creation of work by major cultural industries, film; Broadcast and recording industry; And computer and software industries.

It resides in literary, dramatic, musical and artistic works in "original" cinematic films, and in sound recordings set in a concrete medium. To be protected as the copyright, the idea must be expressed in original form. Copyright acknowledges both the economic and moral rights of the owner. The right to copyright is, by the principle of fair use, a privilege for others, without the copyright owner's permission to use copyrighted material. By the application of the doctrine of fair use, the law of copyright balances private and public interests.

Trademark

A trademark is a badge of origin. It is a specific sign used to make the source of goods and services public in relation to goods and services and to distinguish goods and services from other

entities. This establishes a link between the proprietor and the product. It portrays the nature and quality of a product. The essential function of a trademark is to indicate the origin of the goods to which it is attached or in relation to which it is used. It identifies the product, guarantees quality and helps advertise the product. The trademark is also the objective symbol of goodwill that a business has created.

Any sign or any combination thereof, capable of distinguishing the goods or services of another undertaking, is capable of creating a trademark. It can be a combination of a name, word, phrase, logo, symbol, design, image, shape, colour, personal name, letter, number, figurative element and colour, as well as any combination representing a graph. Trademark registration may be indefinitely renewable.

Geographical indication

It is a name or sign used on certain products which corresponds to a geographic location or origin of the product, the use of geographical location may act as a certification that the product possesses certain qualities as per the traditional method. Darjeeling tea and basmati rice are a common example of geographical indication. The relationship between objects and place becomes so well known that any reference to that place is reminiscent of goods originating there and vice versa.

It performs three functions. First, they identify the goods as origin of a particular region or that region or locality; Secondly, they suggest to consumers that goods come from a region where a given quality, reputation, or other characteristics of the goods are essentially attributed to their geographic origin, and third, they promote the goods of producers of a particular region. They suggest the consumer that the goods come from this area where a given quality, reputation or other characteristics of goods are essentially attributable to the geographic region.

It is necessary that the product obtains its qualities and reputation from that place. Since those properties depend on the geographic location of production, a specific link exists between the products and the place of origin. Geographical Indications are protected under the Geographical Indication of Goods (Registration and Protection) Act, 1999.

Industrial design

It is one of the forms of IPR that protects the visual design of the object which is not purely utilized. It consists of the creation of features of shape, configuration, pattern, ornamentation or composition of lines or colours applied to any article in two or three-dimensional form or combination of one or more features. Design protection deals with the outer appearance of an article, including decoration, lines, colours, shape, texture and materials. It may consist of three-dimensional features such as colours, shapes and shape of an article or two-dimensional features such as shapes or surface textures or other combinations.

Plant variety

A new variety of plant breeder is protected by the State. To be eligible for plant diversity protection, diversity must be novel, distinct and similar to existing varieties and its essential characteristics under the Plant Protection and Protection Act, 2001 should be uniform and stable. A plant breeder is given a license or special right to do the following in relation to different types of promotional material:

1. Produce and reproduce the material
2. Condition the material for the purpose of propagation
3. Offer material for sale
4. Sell the materials
5. Export the materials
6. Import the materials
7. The stock of goods for the above purposes

Typically, countries are protecting new plant varieties through the Sui Genis system. The general purpose of conservation is to encourage those who intend to manufacture, finance, or exploit such products to serve their purpose, particularly where they otherwise do not work at all.

The enactment of the Protection of Plant Varieties and 'Farmers' Rights Act 2001 is an outcome of the India's obligation which arose from article 27(3)(b) of the TRIPs Agreement of 2001 which obliges members to protect plant varieties either by patents or by effective sui generic

system or by any combination thereof India declined to protect plant varieties by a sui generis law, i.e. the Plant Varieties Act.

INTRODUCTION AND OVERVIEW OF PATENT PROTECTION

Patentability Criteria

Patent is granted for an “invention” – this is a universally accepted principle of patent law.¹ The patent specification describes the invention² and if the application is granted by the Patent Office, the patentee is entitled to exclusive rights over the “invention”³. As you may see, in many ways, the concept of invention forms the foundation of patent law. Section 2(j) of the Patents Act, 1970 defines the term invention in the following terms: ““invention” means a new product or process involving an inventive step and capable of industrial application” For ease of understanding, let’s break down this definition into its constituent parts:

- The invention must be a “product” or a “process”.
- In order to qualify as an invention, a product or process:
 - Must be “new”; and
 - Must involves an “inventive step”; and
 - Must be “capable of industrial application”

It is critical to note that the abovementioned requirements are conjunctive i.e. all the above need to be satisfied for a product or process to be considered an invention. While we will elaborate further on the concepts of “new”, “inventive step” and “industrial application” later, it may already be evident that these requirements conjunctively create a fairly high threshold (as compared to copyright and trademark law) for a patentee to clear. Adoption of such a threshold is with good reason – the grant of a patent confers on the patentee exclusive right that often enable it to eliminate competition⁴. Thus the law seeks to ensure that such a monopoly is granted

¹ See Article 27.1 of the Agreement on Trade Related Aspects of Intellectual Property (“TRIPS Agreement”), which states “Subject to the provisions of paragraphs 2 and 3, patents shall be available for any inventions...”

² See Section 10 of the Patents Act, 1970

³ See Section 48 of the Patents Act, 1970

⁴ Id

with caution and only where the patentee is able to show that the product or process is truly worthy of such a monopoly.

Novelty

The term ‘new’ is not defined by the Act. While the Act defines the term “new invention”, this definition is redundant since the term is not used anywhere else in the Act. In these circumstances, one has to use the common law meaning of the term to understand the meaning of the term new. A commonly used definition of “new”/ “novelty” is this – a claim is considered new if all the elements of the claim cannot be found in a single prior art reference⁵. At this point, it is important for you to understand the concept of prior art – prior art means everything made available to the public by means of a written or oral description, by use, or in any other way, before the priority date of the invention⁶. The most commonly used prior art are written documents – both previously published patents and other articles published in journals. Now let’s again examine the definition of “new”. If there exists any single document where all the elements of a claim can be found, the claim is said to lack novelty. Let’s take an example. An inventor felt that existing three – legged chairs were too unstable and thus came up (for the first time) with a four – legged chair. A claim for a four-legged chair can read as under: “A device for resting comprising of a seating platform, four legs, a backrest and an armrest.” The elements of this patent are:

1. It is a device (a product patent) which must be used for resting
2. It must have a seating platform
3. It must have four legs
4. It must have a backrest
5. It must have an armrest

Let’s say there is a prior patent that discloses three-legged chair having a seating platform, a backrest and an armrest. Even though all other elements of our four – legged chair are known, since element ‘3’ described above is missing from the prior art document, the claim on the four

⁵Glaverbel SA vs. Dave Rose and Ors.,2010 (43) PTC 630Farbwerke Hoechst Aktiengesellschaft Vormalis Meister Lucius &Bruning Corporation Vs. Unichem Laboratories and Ors., AIR 1969 Bombay 255

⁶ The term “state of the art” has been defined under Section 2(2) of the UK Patents Act, 1977

legged chair can be considered ‘new’. Now let’s say another patent discloses a four – legged stool which has a seating platform and four legs. Does this patent alone make our four – legged chair not ‘new’? The answer is no. This is because elements ‘4’ and ‘5’ of the chair identified above are missing from the four – legged stool. You may be wondering if one can combine the disclosures made in the patent relating to the three – legged chair and the four legged stool to destroy the novelty of the four – legged stool. The law does not permit this combination or ‘mosaicing’⁷. As mentioned above, to destroy novelty of a claim, all the elements of the claim must be found in a single prior art reference and thus combination of two prior art documents is not possible in the novelty context. Remember that this analysis is only limited to ‘novelty’ and, as you will see, different rules apply when we analyze whether a claim has an inventive step.

Inventive Step

While, as aforementioned, the statute does not define the term ‘new’ or ‘novelty’, it does provide the following definition for the term inventive step under Section 2(ja):

“Inventive step” means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art; The Supreme Court in the aforementioned Novartis case broke down Section 2(ja) into its elements in the following way: “It [The product] must come into being as a result of an invention which has a feature that:

- (a) entails technical advance over existing knowledge; Or
- (b) has an economic significance And
- (c) makes the invention not obvious to a person skilled in the art”

This question - what is “obvious” - has been the subject of a large part of patent litigation and continues to be one of the most vexed questions in all of patent law.

The last few words of Section 2(ja) – “to a person skilled in the art” – introduce us to another important concept of patent law. Whether or not a product or process has an inventive step is to be adjudged from the point of view of a “person skilled in the art”. In other jurisdictions such as

⁷ Von Heyden versus Neustadt, (1928) 45 RPC 48; Glaverbel SA vs. Dave Rose and Ors., 2010 (43) PTC 630

the United States, the term used for the analogous concept is ‘Person Having Ordinary Skill InThe Art’ (in short also referred to as ‘PHOSITA’).

The person of ordinary skill is not inventive but a person with average, normal skills⁸. The work expected from such a person is of a routine nature and nothing extraordinary or out of the way. The person of ordinary skill is not expected to know the solution to the problem or else the analysis would be on the basis of hindsight. The person of ordinary skill in the art is conservative and does not take risks or go against the established prejudices⁹. It is well settled that the more choices or decisions that the person of ordinary skill will have to make in reaching the solution, the less obvious the said solution. The greater the complexity and the more instructions there are on the path to the invention the less obvious it is.

There is another important expression in Section 2(ja) – “technical advance over existing knowledge”. As explained above, mosaicing is not permissible while carrying out a novelty analysis. Is it permissible while carrying out an inventive step analysis? The answer is yes, provided that such a combination of prior art references would have been carried out by an unimaginative man with no inventive capacity¹⁰. Thus while carrying out an obviousness analysis, the disclosures made in one prior art document may be supplemented by disclosures in another prior art document if a person skilled in the art would have thought it obvious to consult the latter after referring to the former in light of the problem he had set out to solve. Such combination is particularly likely where the disclosures made in one prior art document lead the person skilled in the art to another prior art document – a good example of this is where one document cites or cross – refers another document.¹¹

The test for obviousness

It is safe to say that there does not exist one uniform approach to determining obviousness and even in jurisdictions where one approach has been adopted, different judges have applied the law differently. In India, the Supreme Court of India dealt with this question expressly in *Biswanath Prasad RadheyShyam vs Hindustan Metal Industries*¹² which is a three – judge bench decision of

⁸ *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd.*, [1972] RPC 457

⁹ *Genentech/ Boehringer Mannheim*, T 0455/91

¹⁰ *Technograph versus Mills and Rockley*, [1972] RPC 346 at p. 355

¹¹ *Pfizer Ltd.’s patent*, 2001 FSR 16 at paragraphs 65 – 66.

¹² (1979) 2 SCC 511

the Hon'ble Supreme Court. The Delhi High Court in the F. Hoffmann La Roche versus Cipla Ltd.¹³ adopted the Supreme Court test and held as under:

“The ‘obviousness’ has to be strictly and objectively judged. For this determination several forms of the question have been suggested. The one suggested by Salmond L. J. in Rado v. John Tye & Son Ltd. is opposite. It is: “Whether the alleged discovery lies so much out of the track of what was known before as not naturally to suggest itself to a person thinking on the subject, it must not be the obvious or natural suggestion of what was previously known.”

26. Another test of whether a document is a publication which would negative existence of novelty or an "inventive step" is suggested, as under:

“Had the document been placed in the hands of a competent craftsman (or engineer as distinguished from a mere artisan), endowed with the common general knowledge at the 'priority date', who was faced with the problem solved by the patentee but without knowledge of the patented invention, would he have said, "this gives me what I want?". To put it in another form: “Was it for practical purposes obvious to a skilled worker, in the field concerned, in the state of knowledge existing at the date of the patent to be found in the literature then available to him, that he would or should make the invention the subject of the claim concerned?””

As is evident from the tests formulated above, the test of obviousness is ultimately a subjective one¹⁴ and involves value judgment¹⁵. This introduces a significant amount of unpredictability in patent law and this, in my view, is the cause of a large part of patent litigation

Capable of Industrial Application

The term “capable of industrial application” is defined under Section 2(ac) of the Patents Act which states that “in relation to an invention, means that the invention is capable of being made or used in an industry;”. It is noteworthy that the words used are “capable of being used” rather than simply “being used”. Thus the patentee need not have actually used the invention in an industry to satisfy this requirement and the invention merely needs to be capable of being used in an industry.

¹³ 2012 (52) PTC 1 (Del)

¹⁴ Kirsch Manufacturing Co. v. Gould Mersereau Co., 6 F.2d 793

¹⁵ Picard v. United Aircraft Corporation, 128 F.2d 632.

Unfortunately, this definition is not very helpful and not many Courts have dealt with this issue in any detail. We will thus have to rely on judicial interpretations in other countries to understand this issue better. A leading case, which summarizes the law as it stands today on this issue, is *Eli Lilly versus Human Genome Sciences Inc.*

Product Patent and Process Patent

Patent is granted for an invention which may either be a product or a process but such a product or process should be new, involve an inventive step and be capable of industrial application. Prior to the Patents Amendment Act 2005, only process patents were granted in respect of food, drugs and pharmaceuticals in India. No product patent was granted in respect of substance themselves. In *Thomas Brandt v. Controller of Patents*,¹⁶ the Delhi High Court held that a 'process of manufacture' is independent of the substance produced by the manufacture. Process of manufacture has a distinctive identity of its own unconnected with the product of manufacture. In *Farbwerke Hoechst Aktiengesellschaft v. Vormal's Meister Lucius & Bruning Corporation v. Unichem Laboratories & Ors.*¹⁷, the Bombay High Court observed that when a process patent was obtained after prolonged and thorough research work, it might be possible to predict the substances produced by the process

Mailbox System

The mailbox system is a TRIPS-imposed obligation on developing countries that wished to benefit from the TRIPS transitional period by delaying granting of patents for pharmaceutical products until 2005. In exchange for not granting patents, these countries had to establish a "mailbox" system for receiving and filing patent applications from the beginning of the transitional period in 1995. In accordance with the "mailbox" provisions in TRIPS Art. 70.8, countries concerned had to provide a means by which patent applications could be filed during the transitional period. The mailbox provision allowed applicants to file for patents and thereby establish filing dates, while at the same time permitting member countries to defer the granting of the patent for pharmaceutical products. The date of filing (or, in some cases, the date of priority) is important, as it is used to assess whether or not the application meets the necessary conditions for patenting a product, i.e. novelty, inventiveness and being capable of industrial

¹⁶AIR 1989 Del 249 at 251

¹⁷AIR 1969 Bom 255

application¹⁰ . The mailbox allows the patent application to remain “fresh”, even though years pass between the patent application mailbox filing and its examination. Upon examination, if the application fulfils the necessary criteria for granting a patent under the new post-2005 law, the patent will be issued for a period of 20 years. For instance, if a pharmaceutical company had wanted to apply for a product patent in India in 1997, the patent application would be put in the Indian mailbox, “waiting” for the Indian patent office to start examining pending applications as of January 1st 2005. If the patent application filed in 1997 meets all the patentability criteria under new post-2005 Indian law, the patent would be granted some time after 2005, and expire at the latest in 2017. The patent lifetime only runs from the filing date, however: this means that a portion (up to half) of what would have been the patent life expires while the patent application is in the mailbox.

APPLYING FOR A PATENT

The Patents Act lays down the procedure for the grant of patent to an inventor to exploit his invention for 20 years subject to the fulfillment of certain conditions. The first step is to make an application in the prescribed form along with provisional or complete specification. The application is thereafter published and examined (if requested) and search for anticipation is made. Oppositions are invited from the public to the grant of patent and where there is no opposition or the opposition is decided in favour of the inventor, the patent is granted and sealed which confers certain rights on the patentee.

Who can Apply for a Patent?

An application for a patent for an invention may be made by any of the following persons either alone or jointly with any other person:

- any person claiming to be the true and first inventor of the invention
- any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application
- the legal representative of any deceased person who immediately before his death was entitled to make such an application.

True and First Inventor

“True and first Inventor” means a person who has first made an invention. Where two persons have made the same invention independently and not disclosed it then the inventor who applied first for the patent is to be taken as the first and true inventor of the invention, irrespective of the fact that he made the invention later than the other inventor.¹⁸ According to Section 2(1)(y), true and first inventor does not include either the first importer of an invention into India, or a person to whom an invention is first communicated from outside India.

Assignee of the true and first inventor

Any person to whom an invention has been assigned by the true and first inventor is also eligible to apply for patent. “Assignee” includes an assignee of the assignee or the legal representative of a deceased assignee.¹⁹ Invention assigned to a firm is a valid assignment. A firm, therefore, can also apply for a patent as assignee. A corporation can also apply for a patent as assignee.

Legal Representative of the Deceased Inventor

The legal representative of any deceased person who immediately before his death was entitled to make an application for a patent for an invention is also eligible to apply for patent. Legal representative means a person who in law represents the estate of a deceased person.²⁰ Thus, legal representative of (i) a true and first inventor and (ii) assignee of true and first inventor and (iii) assignee of assignee of the true and first inventor are also eligible to apply for a patent.

FORM OF APPLICATION

According to Section 7, every application for a patent shall be for one invention only. The application is to be filed in the Patent Office. Under the Patents Act, 1970 patent offices could be established at various places. An application for a patent is to be made in the form prescribed and filed in the appropriate patent office.

¹⁸Canadian General Electric v. Fada Radio, AIR 1930 PC 1 at p.5

¹⁹Section 2(1)(ab), Patents Act, 1970

²⁰Section 2(1)k, Patents Act, 1970

Every international application for a patent under the Patent Cooperation Treaty (PCT), as may be filed designating India is to be deemed to be an application under this Act, if a corresponding application has also been filed before the Controller General of Patents, Designs and Trade Marks in India. The filing date of such application and its complete specification processed by the Patents Office as designated office or elected office shall be the international filing date accorded under the PCT.

An applicant in respect of an international application designating India shall before the aforesaid time (i) pay the prescribed national fee and other fee to the patent office (ii) and where the international application was either not filed or has not been published in English, file with the patent office, a translation of the application in English, duly verified by the applicant or the person duly authorized by him that the contents thereof are correct and complete.

Where an application is made by virtue of an assignment of the right to apply for a patent for the invention, a proof of the right to make the application is to be furnished either along with the application or thereafter in the prescribed time.

Application to name true and first inventor

Every application is to state that the applicant is in possession of the invention. It shall name the true and first inventor. Where the true and first inventor is not the applicant, the application is to contain a declaration that the applicant believes the person so named to be the true and first inventor.

Provisional and Complete Specification

An application for patent is to be accompanied by a provisional or a complete specification. Where an application for a patent is accompanied by a provisional specification, a complete specification shall be filed within twelve months from the date of filing of the application. If the complete specification is not so filed, the application shall be deemed to have been abandoned.²¹

The object of filing a provisional specification is to fix the priority date in accordance with Section 11. In between the period of filing provisional specification and complete specification,

²¹Section 9, Patents Act, 1970

the inventor may conduct further research and improve his invention. A provisional specification need not describe the invention fully and specifically.

Where two or more applications in the name of the same applicant are accompanied by provisional specifications in respect of inventions which are cognate or of which one is a modification of another and the Controller is of the opinion that the whole of such inventions are such as to constitute a single invention and may properly be included in one patent, he may allow one complete specification to be filed in respect of all such provisional specifications. The period of time specified above is to be reckoned from the date of filing of the earliest provisional specification.

The provisional specification is to ascertain and describe the nature of invention while the complete specification may also explain in what manner the invention is to be carried out in execution and therefore, either in a complete specification or amended specification, if an explanation is made to a provisional explanation, it cannot be said as if the patentee has abandoned a part of his claim.

Contents of Specification

The specification is a very crucial document. It can mainly be divided into two parts – (i) the description (which may be accompanied by diagrams or drawings) and (ii) the claim. The description is to disclose the invention sufficiently, whereas the claim is to mark out the scope of monopoly rights which are likely to be conferred by the patent office in case the patent is granted. In *EMI v. Lissen*²², Lord Russell stated:

The function of the claims is to define clearly and with precision the monopoly claimed, so that other may know the exact boundaries of the area within which they will be trespassers. Their primary object is to limit and not to extend monopoly. What is not claimed is disclaimed.

Section 10 of the Patents Act, 1970 requires that every specification, whether provisional or complete is to describe the invention. The specification is to begin with a title sufficiently indicating the subject-matter to which the invention relates. In *F Hoffmann-la Roche Ltd. and Anr. V. Cipla Limited*²³, the court held that the application of anyone desirous of seeking patent

²²(1939) 56 RPC 23 at 39

²³2008 (37) PTC 71 (Del.)

has to contain specifications that are to conform to the requirements of Section 10.

Drawings, model or sample

The Controller may require the applicant to supply drawings for the purposes of any specification, whether complete or provisional. Any such drawing shall, unless the Controller directs otherwise, be deemed to form part of the specification. Where the Controller considers in any special case that the application should be supplemented by a model or sample of anything illustrating the invention, he may require such sample or model to be furnished. Such a model or sample is to be furnished before the application is found in order for grant of a patent. Such model or sample shall not be deemed to form part of the specification.

Essential Requirements of Complete Specification

Every complete specification is to –

- (a) fully and particularly describe the invention and its operation or use and the method by which it is to be performed;
- (b) disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and
- (c) end with a claim or claims defining the scope of the invention which is known to the applicant and for which he is entitled to claim protection;
- (d) be accompanied by an abstract to provide technical information on the invention

Claim

The claim should fully and particularly describe the invention and its operation or use and the method by which it is to be performed. It should also disclose the best method of performing the invention, which is known to the applicant and for which he is entitled to claim protection; and end with a claim or claims defining the scope of the invention for which protection is claimed.²⁴

Abstract

²⁴ Id

The abstract shall contain a concise summary of the matter contained in the specification. The summary shall indicate clearly the technical field to which the invention belongs, technical problem to which the invention relates and the solution to the problem through the invention and principal use or uses of the invention. Where necessary, the abstract shall contain the chemical formula, which characterizes the invention.

The Controller may amend the abstract for providing better information to third parties. If the applicant mentions a biological material in the specification which may not be described in such a way as to satisfy clauses (a) and (b) above, and if such material is not available to the public, the application is to be completed by depositing the material to an international depository authority under the Budapest Treaty. The applicant is required to comply with the following conditions, namely:

- (i) the deposit of the material is to be made not later than the date of filing the patent application in India and a reference thereof is to be made in the specification within the prescribed period;
- (ii) all the available characteristics of the material required for it to be correctly identified or indicated are included in the specification including the name, address of the depository institution and the date and number of the deposit of the material at the institution;
- (iii) access to the material is available in the depository institution only after the date of the application for patent in India or if a priority is claimed after the date of the priority;
- (iv) disclose the source and geographical origin of the biological material in the specification, when used in an invention.²⁵

PUBLICATION AND EXAMINATION OF APPLICATIONS

According to Section 11A(1), no application for patent shall ordinarily be open to the public for 18 months from the date of filing of application or the date of priority of the application, whichever is earlier.²⁶ The applicant may request the Controller to publish his application at any

²⁵Section 10, Patents Act, 1970

²⁶Rule 24, Patents Rules, 2003

time before the aforesaid period. The Controller shall publish such application as soon as possible.

Every application for a patent shall be published on the expiry of the aforesaid period of 18 months, except in the following cases where the application –

- (i) in which secrecy direction is imposed under section 35; or
- (ii) has been abandoned under Section 9(1); or
- (iii) has been withdrawn 3 months prior to the prescribed period as aforesaid.

In case a secrecy direction has been given in respect of an application under section 35, then it is to be published after the expiry of 18 months as stated in section 11A(1) or when the secrecy direction has ceased to operate, whichever is later.

The publication of every application is to include the particulars of the date of application, number of application, name of application, name and address of the applicant identifying the application and an abstract.

Upon publication of an application for a patent, the depository institution is to make the biological material mentioned in the specification available to the public. On payment of prescribed fee, the Patent Office may make the specification and drawings, if any, of such application available to the public.

On and from the date of publication of the application for patent and until the date of grant of a patent in respect of such application, the applicant shall have the like privileges and rights as if a patent for the invention had been granted on the date of publication of the application. However, the applicant shall not be entitled to institute any proceedings for infringement until the patent has been granted.

Request for Examination

No application for a patent is to be examined unless the applicant or any other interested person makes a request for such examination. In case the application or any other interested person does not make a request for examination of the application for a patent within 48 months as stated here in before, the application is to be treated a withdrawn by the applicant. However, the

applicant may at any time after filing the application but before the grant of a patent withdraw the application by making a request.

Examination of Application

When a request for examination has been made in respect of an application for a patent, the application and specification and other documents relating thereto are to be referred at the earliest by the Controller to an examiner for making a report to him in respect of the following matters:

- (i) whether the application and the specification and other documents relating thereto are in accordance with the requirements of this Act and of any rules;
- (ii) whether there is any lawful ground of objection to the grant of the patent in pursuance of the application;
- (iii) the result of investigation made under section 13;
- (iv) any other matter which may be prescribed.

The examiner to whom such applications and the specification and other documents are referred shall ordinarily make the report to the Controller within one month. However, this period shall not exceed 3 months from the date of reference of the application. A first examination report along with the application and specification is to be sent to the applicant or his authorized agent. In case other interested person files the request for examination, an intimation of such examination may be sent to such interested person.

Section 12 of the Act provides for examination of the patent claim. It contemplates the procedure to be followed in examining the patent claim, which includes the result of investigation to be made under Section 13. Where a request for examination is made by an applicant or person interested, the examiner is to make a report in respect of whether the application, specification and other documents meet the requirements of the said Act and rules, whether there is lawful ground of objection to the grant of patent under the Act, the result of the investigations on the ground of anticipation and other matters that may be prescribed.

Where the Controller is satisfied that the application or any specification or any other document does not comply with the requirements of the Act and rules, the Controller may refuse the

application or may require the application, specification or other documents, as the case may be, to be amended to his satisfaction before he proceeds with the application and refuse the application on failure of the applicant to do so,²⁷

REGISTER OF PATENTS AND PATENT OFFICE

Particulars of Register of Patents

A register of patents is kept at every patent office under the control and management of the Controller. The register or any part of it can be kept in computer floppies, diskettes or any other electronic form. The contents of the register are-

- ◇ Name and address of grantees of patents
- ◇ Notification of assignments, transmissions, licenses, amendments, extensions and revocations of patents
- ◇ Other prescribed matters affecting the validity or proprietorship of patents
- ◇ A certified or true copy of, or extracts from the register of patents is to be admissible in evidence in all legal proceedings.
- ◇ Particulars regarding proceedings under the Act before the Controller or Appellate Board or the courts in respect of every patent.

Assignments

An assignment of a patent or of a share in a patent, a mortgage, license or the creation of any other interest in a patent is not to be valid unless the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and duly executed. Registration of an assignment must be completed within six months of the execution of the document. Registration is effective from the date of execution after its registration.

Registration of Assignment, Transmissions, etc.

²⁷Section 15, Patents Act, 1970

Any person acquiring title to a patent must apply in writing to the Controller for the registration of his title or notice of his interest in the register. Application may be made for registration of title by any such person acquiring title or by the assignor, mortgagor, licensor or other party to that instrument. Where an application is made under this section for the registration of the title of any person the Controller shall, upon proof to title of his satisfaction,—

(a) where that person is entitled to a patent or a share in a patent, register him in the register as proprietor or co-proprietor of the patent, and enter in the register particulars of the instrument or even by which he derives title; or

(b) where that person is entitled to any other interest in the patent, enter in the register notice of his interest, with particulars of the instrument, if any, creating it.

Rectification of Register by Appellate Board

On application of aggrieved person, the Appellate Board is authorized to make an order for making variation or deletion of any entry in the register as it may think fit from the following-

(a) by the absence or omission from the register of any entry; or

(b) by any entry made in the register without sufficient cause; or

(c) by any entry wrongly remaining on the register; or

(d) by any error or defect in any entry in the register

Notice of any application to the Appellate Board may is to be given to the Controller who shall be entitled to appear and be heard on the application

Patent Office

The Controller General of Patents, Designs and Trade Marks appointed under section 3(1) of the Trade Marks Act, 1999 shall be the Controller of Patents for the purposes of this Act. Central Government may appoint as many examiners and other officers and with such designations as it thinks fit. The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is located at **Mumbai**. The Head Office of the Patent office is at **Kolkata** and its Branch offices are located at **Chennai, New Delhi** and **Mumbai**. All officers and employees of the patent office shall be incapable, during the period for which they hold their appointments, to acquire or take,

directly or indirectly, except by inheritance or bequest, any right or interest in any patent issued by that office

GRANT OF PATENT

Where an application for a patent has been found to be in order for grant of patent and either - (i) the application has not been refused by the Controller by virtue of any power vested in him; or (ii) the application has not been found to be in contravention of any of the provisions of the Act, then the patent is to be granted as expeditiously as possible to the applicant or, in the case of a joint application, to the applicants jointly, with the seal of the patent office and the date on which the patent is granted is to be entered in the register. On grant of the patent, the Controller is to publish the fact that the patent has been granted and thereupon the application, specification and other documents related thereto shall be open for public inspection.²⁸

Every patent shall be in the prescribed form and shall have effect throughout India. A patent is to be granted for one invention only. However, it is not competent for any person in a suit or other proceeding to take any objection to a patent on the ground that it has been granted for more than one invention.²⁹

Rights of Patentee

The rights of patentee are negative rights which are enforceable at the instance of the patent holder. A patent is to confer upon the patentee the following rights:

(i) where the subject matter of the patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India

(ii) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.³⁰

²⁸Section 43, Patents Act, 1970

²⁹Section 46, Patents Act, 1970

PATENTS RIGHTS – LIMITED EXCEPTIONS

The rights of a patent holder i.e. both for the process patent as well as the product patent are enshrined in Section 48 of the Patents Act 1970. However the section is subject to exceptions, these exceptions being the preceding section 47 which is titled “Grant of Patent to be subject to certain conditions”, the succeeding section 49 which is titled ”Patent rights not infringed when used on foreign vessels temporarily or accidentally in India”, the two sub-sections of Section 107A, by the operation of proviso 3 of Section 11A, and Section 100 which establishes the power of Government to use inventions for own purposes read along with Sections 101 and 102 which deal with rights of third parties in respect of use of invention for purposes of Government and acquisition of invention and patents by Government respectively.

The raison d’être of a patent regime is to secure an invention against unauthorized use by granting a patent to the owner of the invention while at the same time ensuring promotion of technological innovation, dissemination of knowledge, and promotion of public health. This is enshrined in Section 83 of the Patents Act 1970 which declares general principles applicable to the working of a patent¹. Section 83 with its 7 sub-sections establishes the principles that govern the grant of patent in India and categorically states that the exclusivity granted to the patent holder shall not impede the working of a patent by Government for public non-commercial use.

1. The Experimental or Scientific Use Exception

Under this exception enshrined in Section 47(3) of the Patents Act any person may use the patented product or process for the purpose ‘merely of experiment or research including imparting of instructions to pupils’². As per the 2014 amendment to the Patent Rules, the term ‘any person’ would include natural persons, small entities as well as large entities.

2. Public Non-Commercial Use Exception

There are 3 sub-sections in the Section 47 namely subsections (1), (2) and (4) which covers public non-commercial use as a condition to grant of patent rights enshrined in Section 48. These 3 subsections read as follows:

³⁰Section 48, Patents Act, 1970

- Section 47(1) states that the Government may import or make any patented invention for its own use. The Government may authorize any person to import or make on behalf of the Government.
- Section 47(2) states that any process in respect of which the patent is granted may be used by or on behalf of the Government for the purpose merely of its own use
- Section 47(4) states that the Government may import any patented medicine or drug for its own use or for distribution in government establishments including hospitals, dispensaries or any medical institution. The establishment must be either maintained by the Government or run on behalf of the Government or has been so notified by the Government in the official Gazette.

3. Regulatory Use Exception

Section 107A declares certain acts not to be declared as infringement. Incorporated into the Patents Act 1970 vide the Patents (Amendment) Act of 2002, the subsection (a) of Section 107A states that ‘any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, use, sale or import of any product’ does not amount to an infringement of patent right of the patent owner.

The Bolar provision allows the generic producers to market and manufacture their goods as soon as the patent term expires, but does not allow for the use of patented drug to distribute the generic drug before the expiry of the term of patent.

COMPULSORY LICENSE

The compulsory licensing regime in India is encapsulated in Chapter XVI of the Patents Act, 1970, from sections 82 to 94. They can broadly be categorized as ‘abuse of patents’ and ‘public interest requirements’.

Abuse of Patents

Section 84 of the Patents Act, 1970, states that ‘any party interest’ may apply for the grant of a compulsory license¹⁷ on the following three grounds:

- that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or
- that the patented invention is not available to the public at a reasonably affordable price, or
- that the patented invention is not worked in the territory of India.

Any application for the grant of a compulsory license must contain at least one of the above grounds. It is also relevant to note however, that these concepts can be overlapping. Prior to the grant of a compulsory license though, section 84(6)(iv) of the Patents Act, 1970 requires that “the applicant has made efforts to obtain a licence from the patentee on reasonable terms and conditions and such efforts have not been successful within a reasonable period as the Controller may deem fit.” This is clarified in the explanation to the clause to not ordinarily exceed a period of six months.

The Natco – Bayer compulsory licence issue

The landmark case in India is the compulsory license granted over Bayer’s patented drug Nexavar (Sorefanib Toysylate).

In August 2011, Natco, an Indian generic company applied for the grant of a compulsory license for the anti-cancer drug, Nexavar. On March 9, 2012, the Indian Patent Office granted the first post TRIPs compulsory license in respect of Bayer’s Sorafenib (Nexavar), a patented medicine used for treating advanced kidney and liver cancer. The Indian patent office (IPO) granted the licence to Natco Pharma Ltd, enabling it to produce and sell the drug domestically, on condition of payment of a royalty pegged at 6% quarterly royalty of net sales. The IPO held that all three grounds mentioned in Section 84 had been met, namely that

- The “reasonable requirements of the public” were not met as Bayer supplied the drug to only 2% of the patient population of about 8842 that required it.

- The drug, priced at Rs 2,80,000 for a month's supply was not 'reasonably affordable'. (Natco was willing to supply the same at Rs 8,800 per month)
- The patent was not 'worked in the territory of India' as Bayer did not manufacture the drug in India but merely imported it.

Bayer then took this in appeal to India's specialized IP tribunal, the Intellectual Property Appellate Board (IPAB). On March 14, 2013, the IPAB upheld the license and confirmed all three grounds mentioned in the order of the Patent Controller, though there were some differences in the particularities. Notably, the IPAB also held that even though the grounds in section 84 were separate and individually sufficient as bases for the grant of a compulsory licence, the grounds were linked such that the failure of one ground would likely trigger another ground.

For determining whether the 'reasonable requirements' of the public had been met, the IPAB considered the following factors in making an assessment:

- the need for the drug in terms of patient pool;
- the volume of the drug supplied by Bayer to the market, both with and without its Patient Assistance Program; · the effect of the price on the availability of the drug to the public – and found that the price of Rs 2.8 lakhs per month was prohibitively expensive;
- whether Bayer's patient assistance program could be considered as contributing to Bayer's standard for working – and found that only 'commercial use' was relevant to whether the reasonable requirements of the public were being met, as patient subsidy programs being voluntary and insufficient, were unable to meet the requirement;
- the volume of imports by Bayer – and found that the volume was sufficient to meet only 2% of the needs of patients;
- whether local manufacture was required to be considered 'working of the patent' – and held that even if only imports were considered, the volume did not meet the requirement of the public anyway.

Thus, the IPAB, on considering the above factors, and on finding that the insufficient numbers and the prohibitively expensive product, held that Bayer was not satisfying the reasonable

requirements of the public for the drug. The IPO and the IPAB both held that determination of whether a price was “reasonably affordable” to the general public hinges not on the research and development related costs of the drug, but rather on the drug is affordable from the consumer’s perspective.

Further, the IPO and IPAB also held that a “reasonably affordable” price strongly co-relates with whether or not the reasonable requirements of the public are being met under section 84(1)(a).³⁵ Notably, the IPAB also mentioned that a company facing a compulsory license grant on this ground, could escape this provision by revising their pricing. As for remuneration, the IPAB held that Natco was required to increase its royalty payment from 6% of its net sales, to 7%.

The IPO and the IPAB differed on whether ‘worked in the territory of India’ could include imported products as well. The IPO held that mere imports could not amount to working³⁶ while the IPAB held that the working requirement doesn’t necessarily exclude imports, and therefore that mere imports could satisfy the working requirement and this was to be decided on a case to case basis.

REVOCATION AND SURRENDER OF PATENTS

Surrender of Patents

A patentee may offer to surrender his patent at any time by giving notice to the Controller. Where such an offer is made, the Controller shall publish the offer and also notify every person whose name appears in the register as having an interest in the patent.

After such publication, any interested person may give notice of opposition to surrender of patent to the Controller within prescribed time. Where any such notice is given the Controller shall notify the patentee. If the Controller is satisfied after hearing the patentee and any opponent, if desirous of being heard, that the patent may properly be surrendered, he may accept the offer and revoke the patent by order.³¹

Revocation of Patent

³¹ Section 63, Patents Act, 1970

The grant and sealing of the patent or the decision rendered by the Controller in the case of opposition, does not guarantee the validity of the patent, which can be challenged on various grounds in revocation or infringement proceedings.

Under Section 64, any of the following persons may petition the High Court for revocation of a patent, namely:

- (i) any person interested;
- (ii) the Central Government; and
- (iii) the person making a counter-claim in a suit for the infringement of a patent.

The section provides that a patent 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.

Grounds of Revocation

Section 64 lays down the grounds of revocation of patents. These are:

- (a) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;
- (b) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefor;
- (c) that the patent was obtained wrongfully in contravention of the rights of the petitioner or any person under or through whom he claims;
- (d) that the subject of any claim of the complete specification is not an invention within the meaning of this Act;
- (e) that the invention so far as claimed in any claim of the complete specification is not new, having regard to what was publicly known or publicly used in India before the priority date of the claim or to what was published in India or elsewhere in any of the, documents referred to in section 13:

(f) that the invention so far as claimed in any claim of the complete specification is obvious or does not involve any inventive step, having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim:

(g) that the invention, so far as claimed in any claim of the complete specification, is not useful;

(h) that the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed, that is to say, that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention, or that it does not disclose the best method of performing it which was known to the applicant for the patent and for which he was entitled to claim protection;

(i) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;

(j) that the patent was obtained on a false suggestion or representation;

(k) that the subject of any claim of the complete specification is not patentable under this Act;

(l) that the invention so far as claimed in any claim of the complete specification was secretly used in India, otherwise than as mentioned in sub-section (3), before the priority date of the claim;

(m) that the applicant for the patent has failed to disclose to the Controller the information required by section 8 or has furnished information which in any material particular was false to his knowledge;

(n) that the applicant contravened any direction for secrecy passed under section 35 or made or caused to be made an application for the grant of a patent outside India in contravention of section 39;

(o) that leave to amend the complete specification under section 57 or section 58 was obtained by fraud.

(p) that the complete specification does not disclose or wrongly mentions the source or geographical origin of biological material used for the invention;

(q) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

Section 64 of the Patents Act provides that a patent whether granted before or after the commencement of the Act, may, on the petition of any person interested or of the Central Government or on a counter-claim in a suit for infringement of the patent, be revoked by the High Court on the ground that the subject of any claim of the complete specification is not an invention within the meaning of this Act or that the invention so far as claimed in any claim of the complete specification is not new having regard to what was publicly known or publicly used in India before the priority date of the claim or to what was published in India or elsewhere in any of the documents referred to in Section 13 or that the invention so far as claimed in any claim of the complete specification is obvious or does not involve any inventive step, having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim.

As far as the revocation application filed by the respondent under section 64 of the Patents Act, 1970 is concerned, it cannot be said that by mere filing of such application, presumption should be drawn against the validity of patent, while it is true that the grant of patent itself will not certify the validity of the same as it is incorporated under Section 13(4) of the Patents Act, 1970. Certainly, under Section 64 of the Patents Act, when a revocation petition is filed under anyone of the grounds stated therein, the same can be operative only after a final decision is rendered by the authority competent to decide the same and in the meantime, it cannot be said that the patent validly granted should be presumed to be suspicious. The validity or otherwise of the patent depends upon the complexity of issues involved while arriving at a conclusion as to whether there has been an inventive step or as to whether the invention of the patentee was a prior art or whether it was obvious that the person possessed of average skill or average knowledge of the art to which the invention relates and on going through the specification would be able to accomplish, or whether there was a false suggestion or representation; these are all matters

involving complexity of trial and at this stage it is only the *prima facie* view which can be taken into consideration.³²

INFRINGEMENT OF PATENT

Unlike the Copyright Act, 1957 and the Trademarks Act, 1999, the Patents Act, 1970 does not contain two different provisions which deal with the scope of rights and their infringement thereof. Instead, the very nature of right granted under Section 48 of the Act is the right to take action against third parties in order to prevent them from dealing with the patented invention, without the patentee's consent, in a manner described by the provision. In other words, Section 48 expressly vests the patentee with the exclusive right to sue third parties for making, using, offering for sale, selling or importing for those purposes a patented product or process directly obtained from a patented process, without the consent of the patentee. Section 104 of the Act states that no suit for patent infringement may be filed in any court inferior to the District Court, which has the territorial and pecuniary jurisdiction to try the suit. The proviso to the Section states that when a counterclaim is filed for revocation of the patent, the suit along with the counterclaim shall be transferred to the High Court. When sued for alleged infringement of a patent, a defendant has the following options:

1. Argue that the patent is invalid, and therefore no infringement can be alleged thereof;
2. Argue that although the patent is valid, there is no infringement of the patent;
3. Argue that the allegedly infringing acts squarely attract the patent-null situations under Section 47 as provided for in Section 107;
4. Argue that the allegedly infringing acts squarely attract the defences to infringements under Section 107A

The selection of any of the options or a combination of them is entirely a matter of strategy based on the facts and circumstances of a case.

³² Bajaj Auto Ltd. V TVS Motor Company Ltd., 2008 (36) PTC 417 (Mad.) at p. 450

The oft-employed strategy is to challenge the validity of the patent since when an allegation of infringement of a patent is made, the assumption, at best, is limited to the fact that the plaintiff indeed has a patent registered in his favour in India, and such assumption does not extend to the validity of the patent. In the event the allegation is made in the absence of a patent in the first place, the plaintiff is liable to be prosecuted for groundless threats of infringement under Section 106 of the Act for falsely claiming the ownership of a patent and its infringement. However, if there indeed exists a patent, its mere existence by virtue of grant after examination by the Indian Patent Office does not lead to a presumption of its validity. This is the express position under the Act as reflected in Section 13(4), and as interpreted by the Supreme Court of India in *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*³³.

What this effectively translates to is an evidentiary burden on the patentee/plaintiff to establish the validity of his patent before proving his allegation of infringement against the defendant. This burden is to be discharged both at the interim and the trial stages. In other words, if the patentee seeks the grant of an interim injunction against the defendant, he has to first establish prima facie validity before establishing prima facie infringement, irreparable harm and balance of convenience.

In considering the prima facie validity of the patent, the Court shall have regard to the defence of invalidity of the patent raised by the defendant. Under the Act, the defendant has three options. The first is to seek the revocation of the patent by filing a counterclaim/counter-suit under Section 64 of the Act. The second is to file a petition before the IPAB for revocation of the patent and bring it to the notice of the Court by raising it as a defence under Section 107. The third is to raise grounds of revocation under Section 64 as defences under Section 107 without filing a separate counterclaim or a petition for revocation. In the first situation, if the Court comes to the conclusion that the patent is indeed invalid, it shall revoke the patent since a counterclaim seeking revocation has been filed. However, in the second and third situations, since the defendant has attacked the validity of the patent without filing a counterclaim before the Court, the Court may come to the conclusion that the patent is invalid and unenforceable but cannot revoke the patent.

Suit for Declaration of Non-Infringement

³³ AIR 1982 SC 1444

Section 105 of the Act provides for a situation where any person who wishes to avoid a suit for infringement may file a suit seeking a declaratory judgment from the Court that his product or process does not infringe a particular patent. However, prior to the institution of such a suit, the person seeking the declaration has to prove that the details of his product and process were shared with the patentee and a declaration of non-infringement was sought from the patentee, which was refused or neglected. Critically, at no point in the suit proceedings will the validity of the patent be an issue, nor will the outcome of the suit in any way bestow any presumptive validity on the patent or undermine the patent in anyway.

Burden to Prove Infringement

As stated earlier, the burden is on the patentee to establish the validity of the patent before making his case on infringement. Further, since it is the patentee's claim that his patent has been infringed, it is his burden to prove infringement as well. However, the Act makes an exception in certain instances where the burden is on the defendant to prove non-infringement subject to the satisfaction of certain conditions by the patentee. This is dealt with in Section 104A of the Act, which applies only to instances where infringement of a process patent is alleged. Under this provision, the burden of proof is reversed and is cast on the defendant in two specific instances. First, where the product manufactured using the process patent is a new one and the defendant's product is identical to the said new product. Second, where the product from the patented process is not a new one and the patentee is unable to lead evidence with respect to the details of the process employed by the defendant to manufacture the said product. In both these instances, the burden is on the defendant to establish non-infringement of the process patent. However, the provision provides exception to this reversal of burden when the defendant claims that the process used by him is a trade secret or certain aspects of it have been treated as a trade secret by him. If the defendant has enough material to support such a claim, the burden shifts on to the plaintiff to establish infringement of his process patent. What is to be understood is that the reversal of burden of proof provided for in Section 104A is not an aberration to standard principles of evidence. In fact, in the absence of Section 104A of the Act, a patentee would have still been able to ask for such reversal by placing reliance on Sections 106 and 114 of the Evidence Act, 1872 on the ground that the process of manufacture is within the "special knowledge" of the defendant. In fact, these provisions of the Evidence Act were invoked by the

Bombay High Court in 1969 in *Farbwerke Hoechst & Bruning Corporation vs. Unichem Laboratories & Ors.* The Court held that in an action for infringement where the invention relates to the production of a new substance, any substance of the same chemical composition and constitution shall, in the absence of proof to the contrary, be deemed to have been produced by the patented process whose infringement is alleged by the patentee.

Reliefs in a Suit for Infringement

Section 108 of the Act lists the reliefs that a patentee is entitled to in a suit for infringement, which include a permanent injunction and, at the option of the plaintiff, either damages or an account of profits. Under Section 108(2), the court may also order that the goods which are found to be infringing shall be seized, forfeited or destroyed. Besides infringing goods, the court may also order the seizure, forfeiture or destruction of tools which have been used to manufacture the infringing goods. In addition to the reliefs provided for in the Act, a patentee is entitled to reliefs generally available in civil suits under the Code of Civil Procedure, 1908. Such reliefs include *ex parte* ad interim reliefs and interim reliefs such as interim injunctions, appointment of local commissioners to search and seize the goods of the defendant to preserve evidence (“Anton Piller Order”) and attachments of assets of the defendant to prevent him from rendering infructuous the patentee’s claim of damages (“Mareva Injunction”). More often than not, grant of an interim relief is vital from a patentee’s standpoint to ensure that during the pendency of the suit his position in the market remains unaffected with respect to the patented invention. That said, since an interim injunction also has serious commercial implications for the defendant, it becomes imperative to lay down safeguards to ensure that competing interests are addressed and balanced equitably. Indian Courts have evolved a fair amount of jurisprudence on grant of interim reliefs in patent matters.

Q. An American pharmaceutical company obtains patent for its inventions of Medicine which cures AIDS/HIV+. The medicine is not available to the people of India. Indian Government gives permission to an Indian pharmaceutical company to produce generic version of the same invention without the consent of the American company. Whether there is any infringement of the patent by the Indian Company? Give reasons.

A. In the instant case, the Indian Government can give permission to the Indian Pharmaceutical company to produce generic version of a patented medicine under the power of the Controller to grant compulsory license under Section 88 of the Patents Act, 1970.

Compulsory License

Compulsory licenses are generally defined as "authorizations permitting a third party to make, use, or sell a patented invention without the patent owner's consent." Under Section 84, a compulsory license may be granted at any time after the expiration of three years from the date of the grant of a patent. Any person interested may make an application to the Controller for grant of compulsory license on patent on any of the following grounds, namely:—

- (a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or
- (b) that the patented invention is not available to the public at a reasonably affordable price, or
- (c) that the patented invention is not worked in the territory of India.

Although it is not clear if a period of three years has lapsed since the grant of the patent, it is quite apparent that the second ground for grant of compulsory license has been met as the medicine is not available to the people of India. Therefore, the permission of the Indian Government is quite valid, assuming that the three year period has lapsed. Thus, the production of a generic version of the medicine by the Indian Pharmaceutical company does not amount to an infringement of patent rights of the American Pharmaceutical company.

The first compulsory license in India was granted in the case of Bayer Corporation v Natco Pharmaceuticals in the year 2012 for the cancer curing drug Nexaver.

UNIT - II

INTRODUCTION TO TRADEMARK

The Trade Marks Act of 1999 defines a trade mark as: “a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours”.¹

To qualify as trade mark it should be a mark that can be represented graphically. The mark used should also be distinctive, i.e. it should enable consumers to differentiate the goods of the trader from that of his competitors in the marketplace. It includes: “a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.”² As the list provided is not exhaustive, there is scope to include non-conventional marks as marks.³ The above said definition emphasizes on the communicative ability of a mark. Trade mark is justified as: “it enables those engaged in trade, and the public more generally, to discover quickly and cheaply which signs third parties have already claimed”.⁴

Functions of Trademark

The trademark performs the role of identifying the goods of a particular manufacturer and gives an indication of its origin, or establishes a connection in the course of trade. It assures quality of the product and acts as a symbol representing the goodwill of the business. Also a trademark advertises the product and protects the user and/or purchaser from confusion and deception by identifying the source or origin of particular goods and services and distinguishes them from other similar products. If consumers believe that all items bearing the symbol come from the same source, the said symbol has acquired the ‘source-identifying’ property of a trademark. Priorly, registration of trademarks was not a prevalent practice; the law based on common law which was substantially the same as in England was followed. Thereon, the Trade Marks Registration Act 1875 came into being and it was the Trade Marks Act, 1940 which was the first enactment to institutionalise the machinery for registration and statutory protection of trade marks in India. In order for any subject matter to qualify as property a trade mark had to be ‘distinctive.’ In the matter of General Electric Co. v. General Electric Co Ltd.,⁵ the Court observed that the right [of property in trademark] was an adjunct of the goodwill of a business and was incapable of separate existence dissociated from that goodwill.

Therefore, distinctiveness became a notion to define the subject-matter protectable as trade mark. As per S.2(1)(zb) of the Trade Marks Act, 1999, a ‘trade mark’ means,

“a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and

(i) in relation to Chapter XII (other than section 107), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and

(ii) in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark.”

Furthermore the definition of a mark within the meaning of S. 2(1)(m) includes, ‘a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.’ The initial registration of a trademark shall be for a period of ten years but may be renewed from time to time for an unlimited period by payment of the renewal fees. Therefore the term of protection for a trade mark can last till perpetuity. Such long-lasting monopoly-like right requires the trade mark to be one that is capable of performing the necessary function of distinguishing the goods or/and services of one trader from those of the others. This function or capability of distinguishing is referred to as ‘distinctiveness’ of a trade mark. The capability may be some inherent distinctiveness in the mark itself or perhaps acquired distinctiveness through use of the mark over a period of time.

Illustratively speaking, the case of Abercrombie Formulation, developed by the 2nd Circuit Court of Appeals in *Abercrombie & Fitch Co. v. Hunting World, Inc.*,⁶ is a good reference for understanding the spectrum of distinctiveness. Justice Learned Hand has laid down a spectrum which measures distinctiveness on the following categories:

- Generic—does not qualify for protection
- Descriptive—sometimes qualifies for protection
- Suggestive—qualifies for protection
- Arbitrary or fanciful—qualifies for protection

- Invented - affords strongest protection

Generic: By their nature, generic marks are not distinctive. They do not warrant protection because if one seller could trademark a generic name, other sellers would be unable to describe their products and would thus be at a great disadvantage. For example, it is not permissible to use a word mark "Milk" to brand the product milk or the words "Hiking Boots" to brand boots. Such words which have become *publici juris* or generic cannot be appropriated as they belong to the public at large.

Descriptive: Descriptive terms and symbols generally identify attributes of the product, such as the purpose, size, colour, ingredients, origin, and so forth. Merely descriptive, general marks do not qualify for protection. To qualify for protection, a mark must acquire a 'secondary meaning.' To acquire a secondary meaning, the public must associate the mark with the manufacturer or seller rather than the underlying product itself. For example, "Jiffy Lube" describes a speedy lube and oil but has acquired a secondary meaning in the mind of the consumers. A surname incorporated into a mark is treated as a descriptive mark—it does not qualify for protection until it acquires a secondary meaning. Examples include McDonald's and Hilton Hotels.

Suggestive: A suggestive mark does not describe the product; it suggests its nature or characteristics. Although an inference must be made about the product, the product must still bear some relationship to the mark. For example, a Pathfinder suggests something that is at home off-road, but it has no inherent relationship to a four-wheeldrive SUV made by Nissan. Similarly, "Titleist" has no inherent relationship to a golf ball, but it does suggest correlation to championship sports equipment.

Arbitrary and Fanciful: Marks that are arbitrary and fanciful do not describe or suggest any characteristic of the product. When the meaning of the symbol used in the mark is not inherently related to the product, the product is more likely to be associated with the symbol, ensuring that the consumer recalls the arbitrary association drawn by use of the unrelated symbol for identifying a product. Examples include Apple for computers, Yamaha for motorcycles, Chevron for gasoline and Maytag for appliances. These words have no inherent relationship with their products and are thus understood to be fanciful. Invented words are afforded strongest protection owing to their inherent newness.

Herein it may be noted that the Trade Marks Act 1999 prohibits the registration of a trade mark which consists exclusively of marks or indications which may serve to designate the geographical origin of the goods, such that only those geographical names which do not serve in trade may be registrable. For instance, the use of geographical names in an arbitrary or fanciful manner. For example, North Pole bananas. Moreover, Rule 102 of the Trade Marks Rules 2002 allows parties to request the Registrar to refuse or invalidate a registered trade mark on account of the following:

- i. The trade mark contains or consists of a geographical indication with respect to goods or class or classes of goods not originating in the territory of a country, or a region or locality in that territory which such geographical indication indicates, if the use of such geographical indication in the trade mark for such goods, is of such nature as to confuse or mislead the persons as to the true place of origin of such goods or class or classes of goods; or
- ii. The trade mark contains or consists of geographical indication identifying goods or class or classes of goods notified under S.22(2) of the Geographical Indications of Goods (Registration and Protection) Act 1999.

The Trademark Act, 1999 has adopted the expression 'distinctive character' in the mark which refers to the 'capability of distinguishing.' By that, words such as 'best', 'superior' etc (used for instance to signify the quality of transport services such as 'Best Bus' services) are not distinctive of the goods/services but merely descriptive of the qualitative aspects of the good/service, hence it cannot constitute a distinctive trade mark. S.9 (1) of the Trade Marks Act, 1999 provided that even a descriptive trade mark may be registered if before the date of application of registration, the mark acquires a distinctive character on account of the use or has become a well-known trade mark. Such descriptive trade mark may be registrable owing to the mark having acquired a 'secondary meaning' in the minds of the consumers. The Hon'ble Supreme Court in the matter of Godfrey Philips India Ltd v. Girnar Food & Beverages (P) Ltd⁷ elucidates upon the protection accorded to descriptive trademarks in the following manner: 'a descriptive trade mark may be entitled to protection if it has assumed a secondary meaning which identifies it with a particular product or as being from a particular source.'⁸

Trademark law unlike patent law allows the proprietor of a distinctive mark to enjoy exclusive rights with respect to its use even without registration. However, the advantages of registering a trademark are as follows:

- i. It confers on the proprietor certain exclusive rights to use a particular mark in relation to specified commercial activities.
- ii. In contrast to passing off, it enables the traders to protect their marks before they are introduced onto the market.
- iii. Once a mark is registered, there is a presumption, not guarantee although, that the registration is valid.
- iv. Registration reduces the possibility of disputes. This is because, it confers on the trademark proprietor increased certainty as it determines the scope of the property protected as trademark.

Notably, registering a trademark doesn't necessarily mean a party cannot successfully sue the proprietor for passing off.⁸ When an applicant applies for the registration of a trademark, the registry may or may not accept the application. There are several grounds of refusal on which the Registrar may base the rejection. Any mark may be registered as a trademark unless a specific ground for refusal exists. The grounds for refusal are divided into two classes: 'absolute', which relates to the intrinsic qualities of the mark, and 'relative,' which relate to conflicts with earlier trade mark rights belonging to third parties

ABSOLUTE GROUNDS FOR REFUSAL: (SEC. 9 OF TRADE MARKS ACT, 1999.)

According to the Trademarks Act, a trademark can only be registered if it is distinctive in nature. An invented word can also be registered as long as it is not descriptive. There is a provision in the Act which deals with well-known trademarks wherein a trademark which has become so popular that the people immediately associate the product with the mark, then such a mark can be registered as well. The Act further provides that –

- a. The mark should not cause confusion
- b. The mark should not be devoid of distinctiveness
- c. The marks which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade should not be registered
- d. The mark should not hurt religious sentiments
- e. The mark should not be obscene
- f. Marks, which are protected under the Emblems and Names (Prevention of Improper Use) Act, 1950 should not be registered.
- g. A mark shall not be registered as a trade mark if it consists exclusively of –
 - i. The shape of goods which results from the nature of the goods themselves; or
 - ii. The shape of goods which is necessary to obtain a technical result; or
 - iii. The shape, which gives substantial value to the goods.

To elaborate upon the aspect of confusion, reliance is placed upon the Supreme Court's observation in the matter of *Amritdhara Pharmacy v. Satya Deo Gupta*,⁹ which is stated below:

[I]t will be noticed that the words used in the sections and relevant for our purpose are 'likely to deceive or cause confusion.' The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. Therefore, every case must depend on its own particular facts, and the value of authorities lies not so much in the actual decision as in the tests applied for determining what is likely to deceive or cause confusion. On an application to register, the Registrar or an opponent may object that the trade mark is not registrable by reason of clause (a) of S.8, or sub-section (1) of S.10 (of Trade Marks Act 1940), as in this case.¹⁰

Further, as per Section 9 of the Trade Marks Act, 1999 the following are the grounds on which the Registrar can refuse the registration of a certain trademark: if the mark is of a non-distinctive character, descriptive, generic, contrary to public policy or morality, likely to deceive public, prohibited by law or are in bad faith. For a mark to be valid, it must not fall within any of the following three grounds, namely- it should not be of a non-distinctive character, should not be

descriptive in nature and should not be generic. The section has a proviso that a sign, which falls within any of these provisions isn't to be treated as invalid, if, as a result of use, it has acquired distinctive character i.e., secondary meaning in the minds of the consumers.

In order to assess if a mark has attained secondary meaning, customer's perception displaced primary meaning, exclusivity of use, manner of use, duration of use, volume of goods marketed, advertisement, consumer surveys have to be factored in. In making the predictive assessment, the relevant class from whose perspective the sign must be assessed has been defined as comprising the average consumers of the category of goods, who are reasonably well informed and reasonably observant and circumspect. A mark will normally be viewed as a whole: a sign will not be rejected just because parts of the sign lack distinctiveness or are descriptive or customary in trade.

In order to exclude marks, which do not even perform the distinguishing function, it is important to assess whether the mark is devoid of distinctive character. The focus is again on how the trademark would be perceived by the relevant public. This ground excludes those signs, which the average consumer doesn't identify as reliably indicating the commercial origin of the product. There is no requirement for the sign to be inventive, innovative, imaginative, unusual, creative, etc- signs are excluded only if they are devoid of distinctive character. A minimal degree of distinctive character is enough. However, simple colour marks are likely to be treated as devoid of distinctive character. A colour per se isn't inherently capable of distinguishing the goods of a particular undertaking. Moreover, limited number of colours makes it not preferable to marking them. However, shades, narrowing the scope of specification can be fine.¹¹ In determining the question of shape as a distinctive trade mark, one must see if the shape significantly departs from the norm or customs of the sector and thereby fulfils its essential function. So it ought to be noted whether there is anything unusual or idiosyncratic about the shape, such that the relevant consumer would notice and remember it. So the assessment is to be made for measuring whether the relevant consumer shall think of the shape as indicative of the source, rather than being merely functional or decorative.¹² The shape ought to be distinctive in that it is a significant departure from those ordinarily used in the sector and has the capability to enable a consumer to view it as indicative of trade origin, so much so that the consumers can perceive the difference between the shape in question and other shapes. One of the aims of Trade

Marks is to protect the public interest by keeping descriptive signs or indications for use by all traders. Trademarks are only excluded on this ground if they consist exclusively of signs, which characterize the goods and services. The mark as a whole must be descriptive for it to be excluded. So marks that are made up of descriptive and non-descriptive matter can be protected. For a sign to be descriptive, the association between the sign and goods must be sufficiently specific and direct to show that that sign enables the relevant public to identify those goods and services immediately. This test is also applicable for pictures, shapes, colours, etc and not just words. Furthermore, there is a two-fold reason to exclude customary and generic marks- one is that such signs are incapable of distinguishing the goods; second, signs which are customary in the trade ought to remain available for the benefit of all other traders as well. However, the proviso provides that if the use is for so long that it became synonymous with the good, then the mark can be registered. So even if a mark is inherently lacking distinctiveness, it is possible to register the mark, if it does in fact become distinctive through use. Consumer recognition is the ultimate litmus test. Finally, the marks contrary to public morality such that they may hurt religious sentiments, or be objectionable in content or if they are protected under the Emblems and Names (Prevention of Improper Use) Act, 1950 ought not be registered.

RELATIVE GROUNDS FOR REFUSAL (SEC. 11 OF THE TRADE MARKS ACT, 1999)

S. 11 deals with the relative grounds for refusal of registration. The absolute grounds of refusal prevent registration prima facie, whereas relative grounds for refusal deal with the mark in connection to other earlier marks. For example, the trademark for a spare-parts manufacturer being deceptively similar to an earlier trademark for an automobile manufacturer may mislead or confuse the consumer as being associated with each other owing to the common trade connection.

The Section provides that a mark can be refused because of its identity and association with an earlier trademark and similarity of goods or services covered by the trademark or, its similarity to an earlier trademark and the identity or similarity of the goods or services covered by the trademark. This helps in reducing the likelihood of confusion in the public who would assume the newly registered mark is somehow connected or associated to the previous trademark. It also provides that objections can be raised in case of any similarity between the earlier

marks. However, an applicant can register such trademark if the proprietor of the earlier mark has given his/her approval or the mark is registrable under S.12 by virtue of honest concurrent use. It is the duty of the Registrar to protect a well-known trademark against the identical or similar trademarks. Primarily, protection of public interest and the interest of other bonafide traders who are entitled to object if the use of the trade mark proposed for registration will enable the applicant's goods/services to be passed off as such other traders' goods. Given the above, S.11 prescribes that any mark which is similar to a mark which is already registered (earlier trademark) or is used for similar goods will not be allowed registration

Well-known Marks

Well known marks are defined under the Trade Marks Act, 1999, as“...a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first- mentioned goods or services”¹³. The constituents of a well known mark according to the above definition are as follows:

- i. a mark (say, mark ‘TATA’ of Tata Sons Ltd.) which the substantial segment of the public uses for particular goods or services
- ii. issued by another person for other goods or services (say, TATA diamonds)
- iii. is likely to indicate a connection between Tata Sons Ltd. and TATA diamonds¹⁴ .

This definition appears to be based on Article 16.3 of the Trade Related Aspects of Intellectual Property (TRIPS) Agreement. One important point of difference between the definition of a well known mark under the Trade Marks Act, 1999 and Article 16.3 of the TRIPS is the lack of emphasis on ‘damage to interests of the owner of the registered trademark’ under the Indian Act. Another aspect of well known trademarks evident from Section 2(zg) is that well known marks receive protection beyond the goods or services they are used for – hence they receive wider protection than other trademarks.

Reasons for the heightened protection of well known marks

i. To prevent unfair use of a mark's reputation

In the Benz decision of 1994, while restraining use of the Benz tristar logo (well known mark) on under garments, (unrelated goods), it was held that trademark law is not intended to protect a person who deliberately sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends world wide.¹⁵

ii. To prevent harm to the reputation of a mark

Another rationale for protecting well known marks originates from the doctrine of dilution – where use of a mark on goods or services unrelated to those of the proprietor is restrained, even when there is no consumer confusion, where such unauthorized use harms or is likely to harm the reputation of the mark, also known as tarnishment, or dilutes the ability of the mark to indicate the source of the goods or service in question, also known as blurring.¹⁶

iii. To prevent consumer confusion

As is evident from Section 2(1)(zg), well known marks are recognized to avoid a situation where a connection in the course of trade or rendering of services between the right holder and an unauthorized user of the mark is likely.

Criteria for recognizing a well known mark

While the Trade Marks Act, 1999 does not set criteria for courts to decide whether a mark is well known, it does lay down such criteria for the Registrar of Trademarks to consider when deciding a mark is well known. Given that 'well known' status gives the right holder great ammunition against unauthorized users of the mark, this status is accorded in limited cases. Under Section 11 of the Trade Marks Act, while determining whether a trade mark is a well-known trade mark, the following facts may be considered:

i. The knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark. The following facts may be considered in this regard

- the number of actual or potential consumers of the goods or services;

- the number of persons involved in the channels of distribution of the goods or services;
 - the business circles dealing with the goods or services, to which that trade mark applies.
- ii. The duration, extent and geographical area of any use of that trade mark;
 - iii. The duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;
 - iv. The duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;
 - v. The record of successful enforcement of the rights in that trade mark; in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record.

Further, under Section 11(9) of the Trade Marks Act, 1999, the following are not required as a prerequisite for a well known trademark:

- i. that the trade mark has been used in India;
- ii. that the trade mark has been registered;
- iii. that the application for registration of the trade mark has been filed in India;
- iv. that the trade mark—
 - a. is well known in; or
 - b. has been registered in; or
 - c. in respect of which an application for registration has been filed in, any jurisdiction other than India; or that the trade mark is well-known to the public at large in India.

Enforcement of well known trade marks

In India, the concept of trade mark dilution is recognized under the Trade Marks Act, 1999 which seeks to enforce well known trade marks. Section 29(4) of the Trade Marks Act provides as follows:

“...A registered trademark is infringed by a person who not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which-

(a) is identical with or similar to the registered trade mark and

(b) is used in relation to goods or services which are **not similar** to those for which the trade mark is registered: and

(c) the registered trade mark has a **reputation in India** and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

Therefore, all well known trademarks in India qualify for protection against dilution under Section 29 (4), Trade Marks Act, 1999 since they enjoy reputation in India. However, declaration of a trademark as well known is not a prerequisite under Section 29 (4) and marks with reputation that are not declared well known in India should also be protected under Section 29 (4). Further, marks having reputation in India include marks with trans border reputation in India¹⁷ and no finding of confusion is required under Section 29 (4) of the Trade Marks Act.¹⁸

Non-Conventional Trademarks

The trade mark system requires the register to depict accurate information about the mark. Graphical representation that can be easily fixed on paper or electronic medium can act as a point of reference.¹⁹ This function of the trade mark was clearly stated by the European Court of Justice.²⁰ Graphical representation clearly enables the trade mark registry to clearly and precisely demarcate the mark that is protected.²¹ Further, it enables the trade mark registry, competitors of the protected mark and the public to identify the mark. Added to that, it enables courts to use the mark that is graphically represented as a reference point in assessing whether someone has infringed the mark.²² This utility of the graphical representation is also recognized by the Indian Trade Mark Office in its Draft Trade Mark Manual.²³ In order to answer whether olfactory marks, sound marks, colour marks and shape marks qualify as trade marks it is necessary to ask

the question as to whether it can be represented graphically and also distinguish goods and services of the trader.

Smell Marks

Olfactory or smell marks pose specific problems as it cannot be represented graphically. Further, there are also concerns about durability and distinctiveness of olfactory marks. Sumitomo Rubber Company was granted an olfactory mark in 1996 for rubber tyres that smelled like rose.²⁴ In 1999, an application for olfactory mark that claimed ‘freshly cut grass as applied to tennis balls’ was approved on the ground that the description provided was sufficient and that the application satisfied the graphical representation requirement.²⁵ Subsequently in 2000, John Lewis of Hungerford claimed an olfactory mark on cinnamon smell that is used in relation to furniture.²⁶ However, the UK Trade Mark Office rejected the application as it was not capable of graphical representation.²⁷ Further, it also reasoned that granting trade mark for a cinnamon aroma in furniture would prevent other traders from legitimately using it in other articles.²⁸ Lack of consistency in granting olfactory marks created confusion in the EU which was laid to rest in the Seickmann Case.²⁹

Ralf Seickmann filed a trade mark application in Germany that claimed to register smell mark described as “balsamically fruity with a hint of cinnamon”.³⁰ To meet the requirement of graphical representation the applicant represented the smell by writing its chemical name, methyl cinnamate and also the structural formula “C₆H₅-CH=CHCOOCH₃”. Further, he also submitted a container with the sample of the smell and also indicated the laboratories that can provide the sample of the smell. Seickmann’s application was rejected by the German Patent and Trade Mark Office which was ultimately decided on appeal by the European Court of Justice (ECJ)³¹ The ECJ rejected the application stating that the smell had not been graphically represented. ECJ opined that submitting samples of the scent will not serve the purpose as the smell is not durable. It was of the opinion that the scent can change depending on its exposure to the local environment and is also likely to change over a period of time. The ECJ opined that a trade mark needs to be represented graphically and should also be “clear, precise, self-contained, easily accessible, intelligible, durable and objective”.

The position in India is similar to EU as the Trade Marks Act, 1999 requires all marks to be capable of being represented graphically. Therefore, for an olfactory mark to be a valid trade

mark, it should be graphically represented. This means that a mark has to be visually represented on a form before it is registered by the Registrar. This makes it almost impossible for someone to depict smell marks in a graphical form as it may not satisfy the requirements stated in the Seickmann case.

Sound marks

The Yahoo yodel, Metro Goldwyn Mayer's roar of the lion or Nokia tunes do remind us something about the sound being related to a particular product. As a result of this, consumers over a period of time tend to associate certain sounds as a source identifier or as a badge of origin. Sound mark can be in the form of an onomatopoeia and musical notes.³² This raises the question as to whether sound can qualify as a trade mark. Would the Seickmann criteria laid down by the ECJ be satisfied by sound mark?

The ECJ opined in *Shield Mark v Joost Kist h.o.d.n. MEMEX*³³ that any sound, be it musical notes or onomatopoeia are perceptible by humans. If marketed and advertised properly then consumers can come to associate that certain sound marks are used as a badge of origin.³⁴ It observed that sound marks can also be represented graphically without causing any confusion. Thus, in principle, the ECJ indicated that sound marks can get trade mark registration. However, it added that graphical representation has to meet the criteria specified in Sieckmann case, i.e it should be clear, precise, intelligible, stable, durable, objective, self-contained and easily accessible.³⁵

Further, the EU has also granted sound marks to non-musical representation of sound like the Tarzan's yell and the Metro Goldwyn Mayer's roar of the lion if the same application is accompanied by a spectrogram or sonogram images.³⁶ Devices that clearly indicate the rise and fall in pitch and also record the frequency can clearly and precisely indicate the scope of the sound mark.³⁷ Thus, all applications accompanying non-musical sound marks should contain spectrogram or sonogram images that contain frequency and time graphs.³⁸

The Trade Marks Act, 1999 does not specifically bar the registration of sound marks. If a sound mark can be represented graphically and also be capable of distinguishing goods, it may be registered. In recent years the Yahoo Yodel and the ICICI jingle have been registered as sound

marks in India.³⁹ The registration requirements for sound marks in India are similar to the practices in the EU.

Colour Marks

While colour marks can be represented graphically it is difficult to say whether mere colour can distinguish good or services of a trader from that of the other. Colour marks are claims over a particular colour or combination of colours with a specific dimension.⁴⁰ It is relevant to state that the claimant will have to show that the colour has inherent or acquired distinctiveness.⁴¹ However many jurisdictions refused to grant colour marks as it was thought that there were only definitive number of colours.⁴² If protection is granted to colour marks then it would prevent other traders in the class from using such colours. It was also the belief that consumers will have difficulty in distinguishing various shades of a colour as a distinctive trade mark.⁴³ After considerable number of years colour mark was granted in the US. The US Federal Circuit also upheld colour marks in the case of *In re Owens-Corning Fiberglass Corporation*⁴⁴ as the owner of the colour mark had shown enough evidence to prove acquired distinctiveness in the pink colour used for home insulation.⁴⁵ Thirty years of advertising and several millions spent in consumer advertising and marketing convinced the Federal Circuit to uphold colour mark in home insulation. Further, the landmark judgment delivered by the US Supreme Court in *Qualitex Co. v. Jacobson Company* clarified the position related to colour marks. The US Supreme Court opined that a colour mark can be granted trade mark protection if the mark has acquired distinctiveness.⁴⁶

In India, the Draft Trade Mark Manual does not state that a single colour per se will be rejected as trademark.⁴⁷ Instead, it states that under exceptional circumstances if a single colour is able to demonstrate to the consumer that it is a badge of origin then it may be granted a trade mark.⁴⁸ However, it is also possible that a colour mark may be granted trade mark protection if the applicant can demonstrate acquired distinctiveness as required in the EU and the US.⁴⁹

Shape Marks

Shapes have been used by businesses to claim trade mark protection. The unique shapes of certain goods like the coke bottle or the triangular shaped Toblerone chocolate always indicated to the consumers that unique shape originating or coming from a particular company like the

Coca Cola or the Mondelez International. However, the concern with shape mark is that at times the shape may itself serve to perform a technical function and as such it raises concerns. The other concern is that the shapes may also be protected by design law. This raises concern about seeking protection under multiple regimes.⁵⁰

In *Koninklijke Philips v. Remington*, the ECJ had to decide whether an electric shaver that is shaped like an equilateral triangle with three heads containing a clover leaf plate design can be granted trademark protection.⁵¹ Remington had sought to invalidate the trade mark on the basis that the shape performed a technical function. In order to invalidate the trade mark it was necessary for Remington to show that the shape attained by the electric shaver was essentially performing a technical function. In order to determine whether the shape attained is performing a technical function the court said that it is necessary to examine the eye impact that it made. An essential characteristic is to be determined according to the consumer perception and from the eye impact it would make. In determining whether the shape is performing a technical result it is necessary to see it as a whole. The reason for the triangle shape and the raised clover leaf blades is to mainly achieve a smooth shave. Thus the shape was given to perform an essential function.

The Trade Marks Act, 1999 seeks to protect shape marks. The definition of trade mark and mark clearly seeks to protect shape marks.⁵² Shape marks also have to meet the conditions of distinctiveness and graphical representation.⁵³ However, the trade mark legislation also excludes shapes from being granted protection under certain conditions. Section 9 (3) of the Trade Marks Act, 1999 sets forth three different scenarios wherein shape-marks would not be allowed the benefit of protection under the Act. If the shape attained is due to the nature of goods themselves then it will not be granted a trademark protection.⁵⁴ Further, if the shape attained is necessary so as to perform a technical result, then as per S. 9 (3) (b), the shape will not be granted trademark protection. This clause is similar to the decision in *Koninklijke Philips v. Remington* case. If the characteristics of an article were meant to perform a function regardless of the fact that there were non-functional traits it may not be granted protection. Section 9(3)(c) of the Act excludes shapes that can be protected under the patent or design law.⁵⁵

Domain Name

With the advent of internet it is almost a necessity for businesses to exist on the world wide web regardless of whether they conduct business transactions through this virtual medium. The very

thought of consumers accessing the virtual world for information provides an opportunity to businesses to market their goods or services directly. In order to exist in the virtual world all businesses will have to register a domain name which acts as an online address through which they can connect and communicate with their customers. Thus a domain name is nothing but an address through which a person or an entity can communicate with the public.⁵⁶ The Internet Protocol System (IPS) is composed of mere numbers which may not readily connect with the consumers but a domain name like www.apple.com or www.samsung.com can convey to the consumer that the internet address may be directly related to the electronic goods manufacturer Apple Inc. and Samsung respectively.⁵⁷ The domain name is a simpler way of connecting with the public and functions just like a trade mark.⁵⁸ The domain name acts as a source identifier wherein the consumer browsing the particular address is likely to think that the website is related to a particular business or trader. For instance, a person browsing through www.apple.com is likely to associate the domain name with the well-known electronic goods company Apple. Such an association means that domain names function just like trade marks.

Registering Domain Names

Registration of domain name is largely undertaken by the Internet Corporation for Assigned Names and Numbers (ICANN), a not for profit institution. The accredited registrars of ICANN have the responsibility of assigning domain names. However, the basis for granting domain name is not based on the requirements stated in the trade mark legislations. Instead, registration is based on the first to apply basis.⁵⁹ This has given rise to multiple issues like cybersquatting and frivolous disputes.⁶⁰ Domain name registration does not require the trader or business to establish distinctiveness. As a result of this, a person or company, totally unconnected with the business, can seek registration of domain names. For instance, Apple is a well-known company for electronic goods like computers, laptops, mobile phones, tablets etc but if a person or entity totally unconnected with the company or its business is the first to apply for a domain name www.apple.com then it may be granted a domain name. Internet users browsing the website might be under the wrong impression that the above said domain name is related to Apple Inc. This confuses the consumers and may also prove to be an expensive proposition to a company if it is not first to register. Cyber squatters may demand a huge sum of money to transfer or give up the domain name.⁶¹

Further, competitors in a particular industry may also seek to register domain name of its rival. For instance, a company 'X' may seek to register the domain name of its rival company 'Y'. By registering the domain name of its rival, a company could possibly redirect the users to its website thus confusing the consumers.⁶² Resolving such confusion may prove to be expensive for companies.

Domain name registration also does not resolve the problem related to companies that may have same or similar names but are trading in different classes of goods or services. Professor Bansal notes that apart from Apple Computers, there are fourteen other companies with the registered trade mark 'Apple'.⁶³ Trade mark legislation accommodates similar marks if they are used to indicate goods or services of different classes. However, domain names cannot accommodate similar or same name even if the companies are trading in different classes of goods or services.⁶⁴

Resolving domain name disputes

When domain name disputes arise it can either be resolved through a system called the Uniform Dispute Resolution Policy (UDRP) set-up by ICANN or through the traditional trademark law.⁶⁵ As per Rule 4 of UDRP, if a third party alleges that the registered domain name is similar or identical to a trade mark, or that it has been registered in the absence of good faith or that there is no legitimate interest, then the owner of the domain name will have to submit to the UDRP to resolve the dispute.⁶⁶ If a trade mark owner manages to prove all the three allegations, the domain name may be transferred to the genuine owner of the trade mark owner or it may be cancelled. Traditional passing off suit may also be used to resolve domain name disputes. In a traditional passing off action plaintiff will have to prove that there is goodwill and reputation attached to his goods and that the defendant has misrepresented to the public that his goods are the goods of the plaintiff and as a result of this misrepresentation he has suffered damages.⁶⁷ Similarly, in the case of domain name disputes, a passing off action can be brought in the Indian courts.⁶⁸ If a domain name is registered without having any intention to use it for the purposes of carrying on a business then there is no goodwill attached. Further, if the domain name is registered to mislead consumers to believe that it is related to a reputed mark then it is easy to prove misrepresentation. Similarly, domain name can mislead the consumers if it is identical or similar to that of a known trademark. If a domain name is registered with the

intention of causing confusion to the consumers then the owner of trade mark can always say that it lead to diversion of users. The Supreme Court of India has affirmed that domain name has all the traits of a trade mark and as such a passing off action can be brought to resolve a domain name dispute.⁶⁹ In *Satyam Infoway v Sifynet Solutions* it was held that prior user can prevent the subsequent user from using a similar sounding domain name as it results in damaging the goodwill of the prior user. In this case Satyam Infoway had registered the domain names 'sifynet.com, sifymall.com and sifyrealestate.com', but the subsequent user, Sifynet Solutions, an internet marketing company, started using the domain name siffynet.com and siffynet.net.⁷⁰ This lead to confusion as consumers would think that siffynet is linked or associated to the prior user's domain name sifynet. The Supreme Court ruled that this resulted in passing off. In a number of similar cases the courts in India have treated domain names as trade marks and allowed passing off actions.⁷¹

PROCEDURE FOR REGISTRATION OF TRADEMARKS

Any person claiming to be the proprietor of a trademark used or proposed to be used by him, may apply in writing to the Registrar in the prescribed manner for the registration of his trademark.³⁴ A single application may be made for registration of a trademark for different classes of goods and services and fee payable therefor shall be in respect of each such class of goods or services. Where a single application under section 18(2) is filed from a convention country for one or more classes of goods or services, the applicant shall establish a sufficient ground to the satisfaction of the Registrar for the date of filing of application in all such classes. The application for registration of a trademark is to be filed in the office of the Trademarks Registry within whose territorial limits the principal place of business in India of the applicant or, in the case of joint applicants, the principal place of business of the first applicant is situated. However, where the applicant or any of the joint applicants does not carry on business in India, the application is to be filed in the office of the Trademarks Registry within whose territorial limits the place mentioned in the address for service in India as disclosed in the application is situated.

³⁴Section 18, Trademarks Act, 1999

The Registrar may, subject to the provisions of the Act, refuse the application or accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think fit. In case of a refusal or conditional acceptance of an application, the Registrar shall record in writing the grounds for refusal or conditional acceptance and the materials used by him in arriving at his decision.

After the acceptance of an application for registration of a trademark but before its registration, if the registrar is satisfied that the application has been accepted in error or that in the After the After the acceptance of an application for registration of a trademark but before its registration, if the Registrar is satisfied that the application has been accepted in error or that in the circumstances of the case the trademark should not be registered or should be registered subject to conditions or limitations or to conditions additional to or different from the conditions or limitations subject to which the application has been accepted, then the Registrar may withdraw the acceptance after hearing the applicant if he so desires, and proceed as if the application has not been accepted.

Advertisement of the Application

According to Section 20, when an application for registration of a trademark has been accepted whether absolutely or subject to conditions or limitations, the Registrar shall cause the application to be advertised as accepted together with the conditions or limitations, if any, subject to which it has been accepted. The Registrar may, however, cause the application to be advertised before acceptance if it relates to a trademark to which section 9(1) and section 11(1) and (2) apply, or in any other case where it is expedient by reason of any exceptional circumstances so to do.

Opposition to Registration

Section 21 enables a person to give notice of opposition to registration in writing to the Registrar within four months from the date of advertisement or re-advertisement of an application for registration. A copy of such notice of opposition is to be served upon the applicant.

Under Section 21, notice of opposition may be given to the Registrar by any person opposing registration and the applicant may, in reply thereto, file a counter-statement. Thereafter, the Registrar is required, after giving an opportunity of hearing to the applicant and his opponent, to decide whether registration is to be permitted absolutely or subject to such conditions or limitations as he may deem fit to specify.

Registration

A trademark is registered under Section 23. When an application for registration of a trademark has been accepted and either - (I) the application has not been opposed and the time for notice of opposition has expired; or (ii) the application has been opposed and the opposition has been decided in favour of the applicant, the Registrar shall register the said mark within eighteen months of the filing of the application unless the Central Government directs otherwise. A trademark shall be registered as of the date of the making of the said application. The date of application is to be deemed to be the date of registration.

ASSIGNMENT AND LICENSING

Assignment

The term ‘assignment’ is defined as a transfer or making over to another of the whole of any property, real or personal, in possession or in action, or of any estate or right therein.¹ What assignment is to intangible property, sale is to tangible property—in that sense they can be analogized. IP is transmissible by assignment as personal or movable property. By assigning his IP to another, the owner transfers his legal title to the assignee. In assignment the ownership rights of the IP pass from seller to buyer and it is a one-time activity. An assignment conveys full rights in the underlying IP. Usually, assignment involves compensation in the form of a lump sum payment in one go but it might also be deferred to be made dependant on certain factors, such as the success of the commercialization of the transferred IP. The assignment of intellectual property permits a greater freedom to the assignee in marketing of the products produced by the IP concerned than could be the case with a license.

License

A license is the formal granting of permission by the owner of IP to the licensee. A license is a promise not to sue a party for actions that would otherwise constitute infringement. Law confers exclusive rights to the owner of IP to do various acts. An infringement occurs if any one of these acts is done without license. A license, therefore, passes no interest but merely makes lawful that which would otherwise be unlawful. Thus, a patent license is a waiver by the patent owner of his right to exclude the licensee from making, using, selling, offering for sale or importing the claimed invention. The extent of rights granted in a license may span from a mere permission to use the licensed property in some limited manner (non-exclusive license) to all but ownership of property (exclusive license). A license can also be appreciated as a legal instrument through which the owner could invite others in the utilization of his IP. A license is a contract that allocates rights and limitations in the use of an IP right.

In trade mark licensing the owner of a mark gives permission to place his mark on manufactured goods or services belonging to someone else. The Trade Marks Act contains elaborate provisions as to licensing of registered trade mark, while licensing of unregistered trade marks is governed by common law. Where the license contract is registered under the Trade Marks Act, the licensee is known as 'registered user', however, registration of a licensee as a registered user is not mandatory. Trade mark licensing is based on the legal fiction that use of a trade mark by a licensee will be deemed 'use' by the trade mark owner and inure to the owner's sole benefit.⁷² Therefore, no application can be filed by anyone for revocation of the trade mark on the grounds of non-use, if the licensee has used the trade mark in that period. Further all goodwill generated by the licensee around the licensed trade mark shall belong to the registered proprietor.

Quality control is a special feature of trade mark licensing which distinguishes it from other forms of IP licensing. Quality control by the proprietor of trade mark over the use of the licensed mark is an independent requirement both under common law and statutory law as to trade marks. Under this requirement the licensor is required to control the quality of the products/services of the licensee. Such quality control could be achieved in the following manners:

- By specification of formulae, standards, methods, directions, instructions, etc. to be followed by the licensee

- By inspection of manufacturing processes, facilities, products, packaging, services, advertising, etc. of the licensee
- By analyzing the samples of the licensee's products

The law does not demand goods of a particular quality from a licensor, but it certainly requires that the goods of the owner's licensee must match with the quality of goods produced by the owner himself.

Trade mark licensing is the basis of numerous business practices and in many of these practices licensing of trade marks is hybridized with licensing of other tools of IP. The business practices potentially involving a trade mark license are franchising, merchandising, technology transfer and software licensing. Out of these, trade mark licensing can blend, almost imperceptibly, into franchising which essentially combines trade mark license with the provision of marketing or promotional assistance and controls over the manufacturing methods employed by the franchisee.⁷³

INFRINGEMENT AND PASSING OFF

A well – recognized legal principle is that once the Parliament has codified the law in a particular domain by statute, common law rights in that domain cease to exist. An exception to this principle can be found in trademark law that expressly recognizes the co-existence of common law rights and statutory rights. In this regard, reference may be had to Section 27(2) of the Trademarks Act, 1999. As per that section, the rights granted by the Trademarks Act do not affect the rights of action against any person for passing of goods/ services as the goods/ services of another person. In other words, the owner of a mark may exercise rights under two heads:

- (i) Statutory rights for infringement of a registered trademark
- (ii) Common law rights for passing off with respect to an unregistered mark

Therefore, even if the trademark is not registered, the owner of the mark is not rendered remediless and can file an action for “passing off”.

Rights conferred by registration

The rights conferred by a registration are codified in Section 28 of the Act. According to Section 28(1) of the Act, the registration of a trademark gives to the registered proprietor of the trademark the following rights:

(i) The exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and

(ii) The exclusive right to obtain relief in respect of infringement of trademark.

Let's take an example: Let's say the company McDonalds obtains a registration for the trademark McSwirl with respect to food items. Firstly, McDonalds gets the exclusive right to use the trademark McSwirl with respect to food items i.e. no other person can use the same or deceptively similar trademark with respect to food items. Secondly, if a person uses the trademark McSwirl for food items, then McDonalds has the right to file a suit for infringement and obtain relief for infringement of trademark.

The Test for Infringement of Trademark

The hallmark of a trademark infringement action is consumer confusion. A person is said to have infringed a registered trademark if she uses a mark in the course of trade such that it is likely to cause confusion in the minds of the consumer. The confusion may be caused for one of the following reasons:

a. Use of a mark that is identical to the registered trade mark for goods which are similar to the goods or services covered by such registered trademark; or

b. Use of a mark that is similar to the registered trade mark with respect to identical or similar goods or services covered by such registered trade mark; or

c. Use of a mark that is identical to the registered trade mark with respect to goods or services covered by such registered trade mark.

Likelihood of Confusion

In the year 1962, the Supreme Court⁷⁴ clarified that the likelihood of confusion must be judged from the eyes of an unwary consumer with average intelligence and imperfect recollection. It is important to recognize that consumers do remember each and every element of a trademark and

do not determine the etymological meaning of marks at the time of purchasing goods or availing services. Thus, even if a critical comparison of the two names may disclose some points of difference, but an unwary purchaser of average intelligence and imperfect recollection may still be deceived by the overall similarity of the two names since an unwary consumer is merely has a somewhat vague recollection that he had purchased similar goods on a previous occasion with a similar name.

An interesting question that arises in this context is this: does the test of “unwary purchaser of average intelligence and imperfect recollection” also apply to purchasers of more expensive goods or goods that are bought after much consideration and thought? For instance, can it be said a consumer who purchases real estate property running into several crores of rupees will be confused by a wrongful use of a trademark? Does such a consumer make enough enquiries to ensure that the goods/ services originate from the rightful proprietor? Courts have held that where the goods are expensive articles that are bought generally by literate persons, this fact must be considered.⁷⁵ Similarly, where doctors, who are literate persons, prescribe medicines the likelihood of confusion is considered to be lesser⁷⁶.

Comparison of Marks

The following rules have emerged from case law regarding the method of comparison of the marks in trademark infringement actions:

1) *Side by side comparison is inappropriate*: The test of comparison of the marks side by side is not a sound one. This is because a purchaser seldom has the two marks side by side before him when he makes a purchase. The eye and the mind is not an accurate recorder of visual detail and marks are remembered by general impression or by some significant detail rather than by any photographic recollection of the whole⁷⁷. Simply put, meticulous comparison is not the correct way⁷⁸.

2) *Visual and phonetic similarity between the two marks must be seen*: The following oft – quoted passage from an old English case on overall visual and phonetic similarity is instructive: “You must take the two words. You must Judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider

all the surrounding circumstances and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks.⁷⁹

3) *Expansion of the test to similarity of ideas*: In the early years of the development of Indian trademark law, the focus was on the visual, structural and phonetic similarity of the two trademarks. Over the years, as Courts have better understood the way in which consumers interact with trademarks, the test has expanded to similarity in the idea of the two trademarks. This expansion is owing to the recognition of the fact that while a side – by – side comparison of the two marks may reveal many visual or phonetic differences, the ideas that the two marks convey may be the same and a consumer cannot be expected to recall the exact visual or phonetic details while consuming goods. An oft – cited example of is that of a mark represented as a football game. Another mark may show the players in a different dress and in different positions and may thus convey the same impression/ idea of a football game leading to consumer confusion.⁸⁰ In other words, the first impression conveyed by a mark is the correct test⁸¹.

4) *Copying of essential features is relevant*: The Defendant must have copied the essential features of the Plaintiff's registered trademark.

Other considerations while determining trademark infringement

1) The class of consumers

In a trademark infringement action, the identity or similarity of the class of consumers may also be a relevant consideration for determining the likelihood of confusion. It is often argued that if the class of consumers of the Plaintiffs' goods/ services is completely different from the class of consumers of the Defendants' goods/ services, there is no likelihood of confusion and thus no trademark infringement. While this argument has been successful in a few cases, Courts are increasingly giving less weightage to this difference in class of consumers caused by a difference in the price of the goods of the parties. For instance, in a recent case⁸² involving the trademark HAAGEN DAAZ for ice creams, the Defendants who were using the mark D'DAAZS argued that the price of their ice creams for much lesser than that of the Plaintiffs and thus there is no likelihood of confusion. The Court held that since the consumers of the ice – creams were little children who would be confused by the Defendants' use of a deceptively similar trademark

notwithstanding the difference in the price of the goods. This position of law has even been adopted with respect to real estate products and hotels, wherein Courts have cited the possibility of booking hotels online as reason enough for confusion to occur irrespective of the difference in price between the Plaintiff's and Defendants' services.⁸³

2) Actual confusion or deception need not be proven

It is not necessary for the plaintiff to adduce evidence of actual deception in order to prove the case of infringement and the mere likelihood of confusion is required to be shown. However, where instances of actual confusion do exist, they can add significant strength to a Plaintiff's case to not only show likelihood of confusion but also that the reputation associate with the Plaintiff's trademarks. Further, where the marks are identical and are used with respect to identical goods or services, likelihood of confusion is presumed.

Passing Off

As explained above, an owner of a mark can also exercise common law rights in a trademark. A person is said to impinge on another's common law rights in a mark if the former passes off his goods and services as originating from the latter. The law relating to this tort – “passing off”- was succinctly explained by the Supreme Court in the case of Laxmikant V. Patel vs. Chetanbhat Shah and Another, and an oft – cited passage of the case is extracted hereunder under:

“A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in[to] believing that the goods or services belonging to someone else are his or are associated therewith.

It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his

business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.”

The elements of a passing off action

In a landmark decision regarding the infringing use of a trademark as a domain name, the Supreme Court in the case of Satyam Infoway Ltd vs Siffynet Solutions Pvt. Ltd. held that the tort of passing off has the following three elements:

1. Firstly, the Plaintiff must establish **distinctiveness/ reputation** in the trademark. The action of passing off is normally available to the owner of a distinctive trademark and the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement.

2. The second element is **misrepresentation**. A plaintiff in a passing off action must prove misrepresentation by the defendant to the public. The word misrepresentation does not mean that the plaintiff has to prove any malafide intention on the part of the defendant. Ofcourse, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only on the question of the ultimate relief that would be granted to plaintiff. What has to be established is the likelihood of confusion in the minds of the public, that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the "imperfect recollection of a person of ordinary memory”

3. The third element of a passing off action is **loss or damage** by the misrepresentation or the likelihood of it.

Deceptive similarity in a passing off action

The Supreme Court in the landmark case of Cadila Healthcare Limited vs Cadila Pharmaceuticals Limited⁸⁵ identified the following factors as relevant for deciding the question of deceptive similarity:

- a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks, i.e. both words and label works.
- b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.
- c) The nature of the goods in respect of which they are used as trade marks.
- d) The similarity in the nature, character and performance of the goods of the rival traders.
- e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
- f) The mode of purchasing the goods or placing orders for the goods and
- g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

The Supreme Court further clarified that the weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case.

REMEDIES

The Trade Marks Act, 1999 recognizes both civil and criminal remedies. The court may grant interim and permanent relief commonly sought and/or granted while enforcing trademark rights.

Civil remedies

In a suit for trademark infringement and/ or passing off, the right holder looks at both the end game, i.e. permanent relief granted at the end of the suit, and relief to protect interest while the

suit lasts, i.e. interim relief. Section 135 of the Trade Marks Act, 1999 provides a non exhaustive list of reliefs for trade mark infringement and passing off which include:

a. An injunction (subject to such terms, if any, as the court thinks fit) and

b. Damages or

c. Account of profits

d. Delivery-up

e. Ex parte injunction or any interlocutory order for:

· for discovery of documents;

· preserving of infringing goods, documents or other evidence which are related to the subject-matter of the suit;

· restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff

Permanent relief

Permanent relief is granted by a court at the disposal of the suit as opposed to interim relief, which is granted for the duration of the suit.

1. Injunction

An injunction is an order directing a party to do an act or to refrain from doing an act. An injunction order that directs a party to refrain from doing something is known as a prohibitory injunction while an order directing a party to do something is known as a mandatory injunction. Injunctions granted by courts are subject to the Specific Relief Act, 1963 including limitations therein.⁸⁶

2. Damages

Usually, damages are classified as compensatory and punitive damages.

a. Compensatory damages: Compensatory damages are awarded to make the plaintiff whole – as held by the Delhi High Court in *Time v. Lokesh Srivastava & Anr.(Time)*⁸⁷, the award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him. In this case, the Defendant was wrongfully using Time magazine's trademarks Time, Time Asia and the 'Red border'. While calculating damages, income or loss attributable to the infringing acts needs to be taken into account and not income or loss attributable to other factors.

b. Punitive damages: In *Time*, the Delhi High Court held as follows: *Coming to the claim of Rs. 5 lacs as punitive and exemplary damages for the flagrant infringement of the plaintiff's trade mark, this Court is of the considered view that a distinction has to be drawn between compensatory damages and punitive damages. The award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities. Whenever an action has criminal propensity also the punitive damages are clearly called for so that the tendency to violate the laws and infringe the rights of others with a view to make money is curbed. The punitive damages are founded on the philosophy of corrective justice ad as such, in appropriate cases these must be awarded to give a signal to the wrong doers that law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the list but suffer on account of the breach. In the case in hand itself, it is not only the plaintiff, who has suffered on account of the infringement of its trade mark and Magazine design but a large number of readers of the defendants' Magazine 'TIME ASIA SANSKARAN' also have suffered by purchasing the defendants' Magazines under an impression that the same are from the reputed publishing house of the plaintiff company. This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trade marks, copy rights, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage, dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them.... This Court feels that this approach is necessitated further for the reason that it is very difficult for a plaintiff to give proof of actual damages suffered by him as the defendants who indulge in such activities never*

maintain proper accounts of their transactions since they know that the same are objectionable and unlawful. In the present case, the claim of punitive damages is of Rs. 5 lacs only which can be safely awarded. Had it been higher even, this court would not have hesitated in awarding the same. This Court is of the view that the punitive damages should be really punitive and not flea bite and quantum thereof should depend upon the flagrancy of infringement.

3. Accounts of profit

The Trade Marks Act also provides for rendition of accounts, i.e. compensation to the Plaintiff which is equivalent to the defendant's profits from the infringing act and/or passing off.

There may be a complete overlap between the plaintiff's loss and the defendant's profits from the infringing acts. For this reason, the Trade Marks Act in Section 135 makes the right holder elect between the relief of damages and rendition of accounts. However, it is possible that in some cases, the loss to the plaintiff, such as loss to its reputation, may not reflect in the defendant's accounts as its profits. Further, where the plaintiff is incapable of increasing its production to cater to the defendant's clientele in case the defendant is enjoined by a court is another example where the plaintiff's loss is not equal to the defendant's gain from the infringing act. Punitive damages may come to the aid of the plaintiff in such cases.

4. Delivery up

The defendant will deliver all infringing goods, including advertising and packaging material in its possession to the court or the trademark owner. Goods handed over by delivery up are usually destroyed under court supervision. In an interesting case, where Luxottica had sued a party for violating its trade mark 'Ray Ban', the Defendant donated 500 pieces of unbranded glasses to the visually disabled.⁸⁸

Interim Relief

In addition to permanent reliefs discussed above, a plaintiff may explore the following types of interim reliefs:

1. Ex parte interim injunction: An ex parte interim injunction is granted under Order XXXIX Rule 3, Code of Civil Procedure, 1908. It is required for the Judge to record reasons for granting an ex parte injunction.

2. Interim injunction: An interim injunction may be granted under Order XXXIX Rules 1 and 2, Code of Civil Procedure, 1908. The following three factors need to be considered while granting an interim injunction:⁸⁹

i. *Prima facie case* - Prima facie case means that the Plaintiff should be able to show that it has a strong case against the Defendant at the interim stage, without going to trial. For this purpose, comparable strength of the parties' case may be considered.⁹⁰

ii. *Irreparable harm and injury to the Plaintiff in the absence of the injunction* -The Plaintiff also needs to demonstrate that it will suffer irreparable harm and injury in the absence of an injunction. Reputational harm is commonly cited as irreparable injury in trademark disputes.

iii. *Balance of convenience* - The Plaintiff also needs to show that the absence of an injunction will harm the Plaintiff more than the grant of an injunction would harm the Defendant.

3. Discovery of documents - Discovery of documents or by interrogatories may be sought under Order XI of the Code of Civil Procedure, 1908. A request for discovery is subject to the following considerations:

a. Relevance of the information sought to the controversy in suit;

b. Whether the document sought is in power and possession of the non-applicant/ respondent;

c. Whether discovery is necessary at that stage;

d. Whether discovery is necessary for fair disposal of the case.

e. Discovery may be general or limited, as deemed fit by the Court.⁹¹

Discovery may also be sought from parties not impleaded in the suit where such information is necessary for the disposal of the suit.⁹²

Criminal remedies

Section 101 of the Trademarks Act deems a person as applying a trade mark or mark or trade description to goods or services where he/ she

(a) applies it to the goods themselves or uses it in relation to services; or

(b) applies it to any package in or with which the goods are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, or

(c) places, encloses or annexes any goods which are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, in or with any package or other thing to which a trade mark or mark or trade description has been applied; or

(d) uses a trade mark or mark or trade description in any manner reasonably likely to lead to the belief that the goods or services in connection with which it is used are designated or described by that trade mark or mark or trade description; or

(e) in relation to the goods or services uses a trade mark or trade description in any sign, advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and goods are delivered or services are rendered to a person in pursuance of a request or order made by reference to the trade mark or trade description as so used.

Further, a trade mark or mark or trade description is deemed to be applied to goods whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, the goods or to any package or other thing. Section 102 provides that a person shall be deemed to falsify a trade mark who, either

(a) without the assent of the proprietor of the trade mark makes that trade mark or a deceptively similar mark; or

(b) falsifies any genuine trade mark, whether by alteration, addition, effacement or otherwise.

A person shall be deemed to falsely apply to goods or services a trade mark who, without the assent of the proprietor of the trade mark

(a) applies such trade mark or a deceptively similar mark to goods or services or any package containing goods;

(b) uses any package bearing a mark which is identical with or deceptively similar to the trade mark of such proprietor, for the purpose of packing, filling or wrapping therein any goods other than the genuine goods of the proprietor of the trade mark.

(3) Any trade mark falsified as mentioned in sub-section (1) or falsely applied as mentioned in sub-section (2), is in this Act referred to as a false trade mark.

(4) In any prosecution for falsifying a trade mark or falsely applying a trade mark to goods or services, the burden of proving the assent of the proprietor shall lie on the accused.

Sections 103 and 104 penalize both direct and indirect infringement. Section 103 makes the following acts punishable:

(a) falsification of any trade mark; or

(b) falsely applying to goods or services any trade mark; or

(c) making, disposing of, or having in possession, any die, block, machine, plate or other instrument for the purpose of falsifying or of being used for falsifying, a trade mark; or

(d) applying any false trade description to goods or services; or

(e) applying to any goods to which an indication of the country or place in which they were made or produced or the name and address of the manufacturer or person for whom the goods are manufactured is required to be applied under section 139, a false indication of such country, place, name or address; or

(f) tampering with, altering or effacing an indication of origin which has been applied to any goods to which it is required to be applied under section 139; or

(g) causing any of the things above-mentioned to be done,

Unless one proves that he/ she acted, without intent to defraud, punishment for the above is imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees. However, the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Section 112 provides that where a person accused of an offence under section 103 he/ she shall be acquitted if the following is proved:

(a) that in the ordinary course of his business he/ she is employed on behalf of other persons to apply trade marks or trade descriptions, or as the case may be, to make dies, blocks, machines, plates, or other instruments for making, or being used in making, trade marks; and

(b) that in the case which is the subject of the charge he/ she was so employed, and was not interested in the goods or other thing by way of profit or commission dependent on the sale of such goods or providing of services, as the case may be; and

(c) that, having taken all reasonable precautions against committing the offence charged, he/ she had, at the time of the commission of the alleged offence, no reason to suspect the genuineness of the trade mark or trade description; and

(d) that, on demand made by or on behalf of the prosecutor, he/ she gave all the information in his power with respect to the persons on whose behalf the trade mark or trade description was applied.

Section 104 provides penalty for selling goods or providing services to which false trade mark or false trade description is applied and provides as follows: Any person who sells, lets for hire or exposes for sale, or hires or has in his possession for sale, goods or things, or provides or hires services, to which any false trade mark or false trade description is applied or which, being required under section 139 to have applied to them an indication of the country or place in which they were made or produced or the name and address of the manufacturer, or person for whom the goods are manufactured or services provided, as the case may be, are without the indications so required, shall, unless he proves

(a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the genuineness of the trade mark or trade description or that any offence had been committed in respect of the goods or services; or

(b) that, on demand by or on behalf of the prosecutor, he gave all the information in his power with respect to the person from whom he obtained such goods or things or services; or

(c) that otherwise he had acted innocently, be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees:

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

UNIT III

CYBER INTELLECTUAL PROPERTY RIGHTS

NEED FOR PROTECTION OF IPRS IN CYBER SPACE

With the unprecedented advent of Computers and the Internet and growing popularity of E-commerce, the Intellectual property rights have gained tremendous significance. However, there is a downside to this trend of increased dependence upon Internet and Information and communication Technologies (ICT) namely the difficulty posed in the detection & protection of Intellectual property infringements in the virtual space. The quandary is how does one protect one's Intellectual property rights and prevent its unauthorised use in the online medium.

The intellectual property infringements to a greater extent occur in the online medium rather than offline, due to the ease with which data can be accessed, copied and transferred and the anonymity associated with the cyberspace. The IP infringements in cyberspace comprise of any unauthorised or unlicensed use of trademarks, trade names, service marks, images, music or sound or literary matter. The unique matrix of the cyberspace has produced different categories of infringements including Hyper linking, Deep Hyper linking, Framing, Meta-tags, spamming and Digital Copyrights violation and similar other concepts.

'Cyberspace' is the non-physical domain over which the communication between computers takes place through computer networks. With the growth of technology every individual has a right of accessing cyberspace and sharing information, unless they are in conflict with cyber law.

In cyberspace, sometimes information is shared by a person, who is not the owner of the same, or the information which is private. Hence, privacy is violated, and one makes profit on another person's creation. Such rights are protected under intellectual property rights. The types of IPR are: Patent, Copyright, Trademarks, Trade Secrets, Industrial and Layout Designs, Geographical Indications etc. When these rights are violated in cyberspace there are several remedies available for the various types of violation

1. Copyright Infringement:

Copyright protection is given to the owner of any published artistic, literary, dramatic or scientific work over his work to exclude everyone else from using that work on his own name and thereby gain profit from it.

When these copyrighted articles are unauthorizedly used by anybody without the permission of the owner, this amounts to copyright infringement. When copies are made of commercial software which are distributed over the internet, and sold by a third person (other than owner), that amounts to be a copyright infringement. Copying website or blog content also amounts to a copyright violation.

2. Software Piracy:

It is also covered under sections of Indian Copyright Act. This is the illegal use of software by copying and distributing them among organizations, groups etc for business personal use.

This piracy can be of 3 types: Soft lifting, Software Counterfeiting, and Uploading-Downloading.

3. Cyber squatting and Trademark Infringement:

Trademarks are distinctive marks can be words, pictures, sound or shape which describes the nature and quality about a certain product to the user.

The lions roar of 'Metro-Godwyn-Mayer' or the word art of 'Google' are the trademarks for these respective companies, when these marks, whether registered or unregistered, are used are used by some other company on their product, that is called trademark infringement.

Cyber squatting is the process by which domain names are registered, sold, trafficked-in with the intention to make profit from the goodwill of someone else's trademark in bad faith. Cyber squatting is a punishable offence.

OBJECTIVES OF INFORMATION TECHNOLOGY ACT, 2000

The 1990s, increased global economic liberalization and the growth of e-commerce owed the United Nations Commission on International Trade (UNCITRAL) to adopt few model laws to promote the harmonization and unification of international trade law, so as to remove unnecessary obstacles to international trade caused by inadequacies and divergences in the law affecting international trade. In 1996, in furtherance of this mandate the Model Law on Electronic Commerce was adopted.

Against this background of the UN model law, the Government of India enacted the Information Technology Act of 2000 (hereinafter referred to as the "IT Act") applicable to whole of India. The Act was amended in 2008 wherein new sections were added addressing the offences through offensive messages and cyber terrorism.

This is the primary law that deals with cyber crime and electronic commerce in India. It provides legal recognition for transactions that are carried out by means of electronic data interchange and other means of electronic communication. Further, it defines cyber crimes and prescribes specific penalties for the same.

Additionally, the IT Act mandated for the formation of a Controller of Certifying Authorities who has the power to regulate the issuance of digital signatures. It further established a Cyber Appellate Tribunal which can resolve disputes specifically arising from cyber law.

The Act, further proposes to amend the IPC, the Evidence Act, the RBI Act, and the Bankers' Books Evidence Act so as to make them in tune with the provisions of IT Act.

(a) **A facilitating Act:** The Information Technology Act, 2000 is a facilitating Act as it facilitates both e-commerce and e-governance. Interestingly, the UNCITRAL Model Law of E-commerce on which this Act is based has made no reference to e-governance. But it was the collective wisdom of the legislature, which saw the necessity of introducing concepts like e-governance in this Act. In fact, the entire Chapter III of the Act is devoted to e-governance and e-governance practices. There are 7 sections in the aforesaid Chapter III of the Act, from section 4 to section 10, which deal with e-governance issues. These sections form the basic law related to electronic governance rights, which have been conferred to the persons and the Government(s) both Central and State Governments. It is applicable to the whole of India, including the State of Jammu and Kashmir. It is important to understand that the Information Technology Act, 2000 is the first enactment of its kind in India, which grants e-governance rights to the citizens of India

(b) **An enabling Act:** The Information Technology Act, 2000 is an enabling Act as it enables a legal regime of electronic records and digital signatures. That is, in order to be called legally binding all electronic records, communications or transactions must meet the fundamental requirements, one authenticity of the sender to enable the recipient (or relying party) to determine who really sent the message, two messages integrity, the recipient must be able to determine whether or not the message received has been modified en route or is incomplete and third, non-repudiation, the ability to ensure that the sender cannot falsely deny sending the message, nor falsely deny the contents of the message. The Act provides for Digital signatures, which may be considered functional equivalent to physical world signatures capable of meeting all the fundamental requirements, like authenticity of the sender, message integrity and non-repudiation. Digital signature is a misnomer. It does not mean scanning the handwritten signatures electronically. In fact by applying digital signatures one may actually transform an electronic message into an alphanumeric code. It requires a key pair (private key for encryption and public key for decryption) and a hash function (algorithm).

(c) **A regulating Act:** The Information Technology Act, 2000 is a regulating Act as it regulates cyber crimes. As stated above, cyber crime is a collective term encompassing both cyber

contraventions and cyber offences. The Act not only demarcates contraventions from offences, but also provides a separate redressal mechanism for both.

SALIENT FEATURES OF INFORMATION TECHNOLOGY ACT, 2000

- (i) Extends to the whole of India (Section 1)
- (ii) Authentication of electronic records (Section 3)
- (iii) Legal Framework for affixing Digital signature by use of asymmetric crypto system and hash function (Section 3)
- (iv) Legal recognition of electronic records (Section 4)
- (v) Legal recognition of digital signatures (Section 5)
- (vi) Retention of electronic record (Section 7)
- (vii) Publication of Official Gazette in electronic form (Section 8)
- (viii) Security procedure for electronic records and digital signature (Sections 14, 15, 16)
- (ix) Licensing and Regulation of Certifying authorities for issuing digital signature certificates (Sections 17-42);
- (x) Functions of Controller (Section 18);
- (xi) Appointment of Certifying Authorities and Controller of Certifying Authorities, including recognition of foreign Certifying Authorities (Section 19);
- (xii) Controller to act as repository of all digital signature certificates (Section 20);
- (xiii) Data Protection (Sections 43 & 66);
- (xiv) Various types of computer crimes defined and stringent penalties provided under the Act (Section 43 and Sections 66, 67, 72);
- (xv) Appointment of adjudicating officer for holding inquiries under the Act (Sections 46 & 47);
- (xvi) Establishment of Cyber Appellate Tribunal under the Act (Sections 48-56); 13
- (xvii) Appeal from order of Adjudicating Officer to Cyber Appellate Tribunal and not to any Civil Court (Section 57);
- (xviii) Appeal from order of Cyber Appellate Tribunal to High Court (Section 62);
- (xix) Interception of information from computer to computer (Section 69);
- (xx) Protection System (Section 70);

- (xxi) Act to apply for offences or contraventions committed outside India (Section 75);
- (xxii) Investigation of computer crimes to be investigated by officer at the DSP (Deputy Superintendent of Police) level;
- (xxiii) Network service providers not to be liable in certain cases (Section 79);
- (xxiv) Power of police officers and other officers to enter into any public place and search and arrest without warrant (Section 80);
- (xxv) Offences by the Companies (Section 85);
- (xxvi) Constitution of Cyber Regulations Advisory Committee who will advise the Central Government and Controller (Section 88).

CYBER CRIME

Cybercrime refers to all the activities done with criminal intent in cyberspace. These could be either the criminal activities in the conventional sense or could be activities, newly evolved with the growth of the new medium. Because of the anonymous nature of the Internet, it is possible to engage into a variety of criminal activities with impunity and people with intelligence, have been grossly misusing this aspect of the Internet to perpetuate criminal activities in cyberspace. The field of Cybercrime is just emerging and new forms of criminal activities in cyberspace are coming to the forefront with the passing of each new day. There can be no one exhaustive definition about Cybercrime. However, any activities which basically offend human sensibilities, can also be included in its ambit. Child Pornography on the Internet constitutes one serious Cybercrime. Similarly, online pedophiles, using internet to induce minor children into sex, are as much Cybercriminals as any others.

Cybercrimes can be basically divided into 3 major categories being Cybercrimes against persons, property and Government.

- 1. Cybercrimes committed against persons-** include various crimes like transmission of child-pornography, harassment of any one with the use of a computer such as e-mail, and cyber-stalking. The trafficking, distribution, posting, and dissemination of obscene material including pornography, indecent exposure, and child pornography, constitutes one of the most important Cybercrimes known today. The potential harm of such a crime

to humanity can hardly be overstated. This is one Cybercrime which threatens to undermine the growth of the younger generation as also leave irreparable scars and injury on the younger generation, if not controlled.

2. **Cybercrimes against Government-** Cyber Terrorism is one distinct kind of crime in this category. The growth of Internet has shown that the medium of Cyberspace is being used by individuals and groups to threaten the international governments as also to terrorize the citizens of a country. This crime manifests itself into terrorism when an individual &"cracks&" into a government or military maintained website.
3. **Cyber crime committed against property** - Cybercrimes against all forms of property. These crimes include unauthorized computer trespassing through cyberspace, computer vandalism, transmission of harmful programs, and unauthorized possession of computerized information.

TYPES OF CYBER CRIME

1. Hacking

In simple words, hacking is an act committed by an intruder by accessing your computer system without your permission. Hackers (the people doing the 'hacking') are basically computer programmers, who have an advanced understanding of computers and commonly misuse this knowledge for devious reasons. They're usually technology buffs who have expert-level skills in one particular software program or language. A hacker to break into systems to steal personal banking information, a corporation's financial data, etc. They also try and modify systems so that they can execute tasks at their whims. Hackers displaying such destructive conduct are also called "Crackers" at times. They are also called "Black Hat" hackers.

On the other hand, there are those who develop an interest in computer hacking just out of intellectual curiosity. Some companies hire these computer enthusiasts to find flaws in their security systems and help fix them. Referred to as "White Hat" hackers, these guys are against the abuse of computer systems. They attempt to break into network systems purely to alert the owners of flaws. It's not always altruistic, though, because many do

this for fame as well, in order to land jobs with top companies, or just to be termed as security experts. “Grey Hat” is another term used to refer to hacking activities that are a cross between black and white hacking.

2. BOTS and BOT NETS

Bots are programs installed covertly on a user’s system which allows the attacker to remotely control the targeted computer through a communication channel such as Internet relay chat (IRC), peer to peer (P2P), or HTTP. These communication channels allow the attacker to control a large number of compromised computers in a single channel in a ‘botnet’. The remote controlled/compromised computers are known as ‘zombies’ and are a key tool in cyber warfare. The BOTs can be used for setting up a denial of service attack against an organization’s website, distributing spam, carrying on phishing attacks, distributing spyware, propagating malicious code and harvesting confidential information that may be used in identity theft.

3. Phishing

This is a technique of extracting confidential information such as credit card numbers and username password combos by masquerading as a legitimate enterprise. Phishing is typically carried out by email spoofing. You’ve probably received email containing links to legitimate appearing websites.

4. Email bombing and spamming

Email bombing is characterised by an abuser sending huge volumes of email to a target address resulting in victim’s email account or mail servers crashing. The message is meaningless and excessively long in order to consume network resources. If multiple accounts of a mail server are targeted, it may have a denial-of-service impact. Such mail arriving frequently in your inbox can be easily detected by spam filters. Email bombing is commonly carried out using botnets (private internet connected computers whose security has been compromised by malware and under the attacker’s control) as a DDoS attack. This type of attack is more difficult to control due to multiple source addresses and the bots which are programmed to send different messages to defeat spam filters. “Spamming” is a variant of email bombing. Here unsolicited bulk messages are sent to a large number of users, indiscriminately. Opening links given in spam mails may

lead you to phishing web sites hosting malware. Spam mail may also have infected files as attachments. Email spamming worsens when the recipient replies to the email causing all the original addressees to receive the reply. Spammers collect email addresses from customer lists, newsgroups, chat-rooms, web sites and viruses which harvest users' address books, and sell them to other spammers as well. A large amount of spam is sent to invalid email addresses.

5. Web jacking

Web jacking Web jacking derives its name from "hijacking". Here, the hacker takes control of a web site fraudulently. He may change the content of the original site or even redirect the user to another fake similar looking page controlled by him. The owner of the web site has no more control and the attacker may use the web site for his own selfish interests. Cases have been reported where the attacker has asked for ransom, and even posted obscene material on the site. The web jacking method attack may be used to create a clone of the web site, and present the victim with the new link saying that the site has moved. Unlike usual phishing methods, when you hover your cursor over the link provided, the URL presented will be the original one, and not the attacker's site. But when you click on the new link, it opens and is quickly replaced with the malicious web server. The name on the address bar will be slightly different from the original website that can trick the user into thinking it's a legitimate site. For example, "gmail" may direct you to "gmai1". Notice the one in place of 'L'. It can be easily overlooked.

Web jacking can also be done by sending a counterfeit message to the registrar controlling the domain name registration, under a false identity asking him to connect a domain name to the webjacker's IP address, thus sending unsuspecting consumers who enter that particular domain name to a website controlled by the webjacker. The purpose of this attack is to try to harvest the credentials, usernames, passwords and account numbers of users by using a fake web page with a valid link which opens when the user is redirected to it after opening the legitimate site.

6. Cyber stalking

Cyber stalking is a new form of internet crime in our society when a person is pursued or followed online. A cyber stalker doesn't physically follow his victim; he does it virtually by following his online activity to harvest information about the stalker and harass him or her and make threats using verbal intimidation. It's an invasion of one's online privacy. Cyber stalking

uses the internet or any other electronic means and is different from offline stalking, but is usually accompanied by it. Most victims of this crime are women who are stalked by men and children who are stalked by adult predators and pedophiles. Cyber stalkers thrive on inexperienced web users who are not well aware of netiquette and the rules of internet safety. A cyber stalker may be a stranger, but could just as easily be someone you know. Cyber stalkers harass their victims via email, chat rooms, web sites, discussion forums and open publishing web sites (e.g. blogs). The availability of free email / web site space and the anonymity provided by chat rooms and forums has contributed to the increase of cyber stalking incidents. Everyone has an online presence nowadays, and it's really easy to do a Google search and get one's name, alias, contact number and address, contributing to the menace that is cyber stalking. As the internet is increasingly becoming an integral part of our personal and professional lives, stalkers can take advantage of the ease of communications and the availability of personal information only a few mouse clicks away. In addition, the anonymous and non-confrontational nature of internet communications further tosses away any disincentives in the way of cyber stalking. Cyber stalking is done in two primary ways: Internet Stalking and Computer Stalking.

7.Data Diddling

Data Diddling is unauthorised altering of data before or during entry into a computer system, and then changing it back after processing is done. Using this technique, the attacker may modify the expected output and is difficult to track. In other words, the original information to be entered is changed, either by a person typing in the data, a virus that's programmed to change the data, the programmer of the database or application, or anyone else involved in the process of creating, recording, encoding, examining, checking, converting or transmitting data.

This is one of the simplest methods of committing a computer-related crime, because even a computer amateur can do it. Despite this being an effortless task, it can have detrimental effects. For example, a person responsible for accounting may change data about themselves or a friend or relative showing that they're paid in full. By altering or failing to enter the information, they're able to steal from the enterprise. Other examples include forging or counterfeiting documents and exchanging valid computer tapes or cards with prepared replacements. Electricity boards in India have been victims of data diddling by computer criminals when private parties were computerizing their systems.

8. Identity Theft and Credit Card Fraud

Identity theft occurs when someone steals your identity and pretends to be you to access resources such as credit cards, bank accounts and other benefits in your name. The imposter may also use your identity to commit other crimes. “Credit card fraud” is a wide ranging term for crimes involving identity theft where the criminal uses your credit card to fund his transactions. Credit card fraud is identity theft in its simplest form. The most common case of credit card fraud is your pre-approved card falling into someone else’s hands.

With rising cases of credit card fraud, many financial institutions have stepped in with software solutions to monitor your credit and guard your identity. ID theft insurance can be taken to recover lost wages and restore your credit. But before you spend a fortune on these services, apply the no-cost, common sense measures to avert such a crime.

9. Software Piracy

Software piracy is the unauthorised use and distribution of computer software. Software developers work hard to develop these programs, and piracy curbs their ability to generate enough revenue to sustain application development. This affects the whole global economy as funds are relayed from other sectors which results in less investment in marketing and research.

The following constitute software piracy:

- Loading unlicensed software on your PC
- Using single-licensed software on multiple computers
- Using a key generator to circumvent copy protection
- Distributing a licensed or unlicensed (“cracked”) version of software over the internet and offline.

10. Key Loggers

Keylogger is a software program or a device designed to secretly monitor and log all keystrokes. The Key logger software/device scans computers, their processes and data, the moment a person strikes a key on the keyboard. This information is immediately carried over to an external controller. Keyloggers comprise two categories: keylogging device and keylogging software.

- Keylogging devices are small devices that can be fixed to the keyboard, or placed within a cable or the computer itself.
- Keylogging software is made up of programs dedicated to tracking and logging keystrokes.

By using keyloggers, an external controller can monitor every keystroke and thus obtain confidential information such as passwords for internet banking.

- The well-known case of use of keyloggers by an Indian IT company is the Satyam case involving the World Bank. A few contractors from satyam working onshore typed on the keyboard. The data was sent back to a central location over the internet. Around 18 to 40 computers were compromised and the compromised servers reportedly had very sensitive economic data about 185 countries in the world.
- The first serial cyber bank robbery using key-logger software- A 27 year old accused, an unemployed computer science diploma holder living in Bengaluru along with his accomplices used free downloadable key-logger software on certain computers in cyber cafes in Bengaluru and Mysore. The attackers were accused of siphoning of Rs.12 lakhs from 28 bank accounts in Bengaluru, Delhi and Mumbai since 2005.

Keyloggers are used legally in the following circumstances:

- Parental control- Parents can track the websites accessed by their children on the internet and can be notified if there any attempts to access websites containing adult or otherwise inappropriate content.
- Corporate security –Employers can track the use of computers for non work related purposes, or the use of workstations after hours.
- Law Enforcement-police and other law enforcement agencies can use key logger software/hardware to analyze and track crimes committed through the use of personal computers.

A keylogger is usually installed under the following circumstances:

1. When a user opens a file attached to an email.
2. When a file is launched from an open access directory on a P2P network.
3. When a user visits an infected site.

4. Installed by another malicious program already present on the user's system.

INTERNET SERVICE PROVIDER

The entity which connect the person to the internet, and provides the entire internet based services. Such as the web page building and the hosting, an ISP has the equipment and telecommunication line, which should have access of internet for that particular area to be served. There are various intermediaries in between providing the material online to the user and by uploading to online; they basic transmit the work of third party.

The two main services provided by the ISP are:

- Web site building and hosting: an entity to provide individual to management of individual and the business sites.
- Access providing: an entity that arrange for an individual and organizations to have internet access.

Therefore it is the medium to provide the passage of the information. Some of the internet service providers are- BSNL, MTNL, Bharti Airtel, reliance communications, Asianet Communication etc.

In simple terms we can say that ISP are companies that provide the internet access from anywhere i.e. from home, offices, or any place by any electronic gazette like phones, laptop etc

'Intermediary'

Section 2(w) 'intermediary, with respect to any particular electronic message, means any person who on behalf of another person receives, stores or transmits that message or provides any service with respect to that message.'

Liability of internet service providers

The liability of ISPs may arise in various fields like the copyright, trademark, criminal law, trade secret law, tort law etc.

Liability under Copyright Act, 1957

The copyright act does not mention the provision related to internet expressly even after the first amendment, however some provisions can be interpreted to have the liability of ISPs. The sections related with are section 51(a) (2), copyright in a work shall be deemed to be infringed.

This section says when the person without the license granted from the owner of the copyright or registrar of the copyright does anything in contravention of the act shall be held liable or anything against the condition imposed by the competent authority.

This section states two things that infringement done at any place or for the purpose of profit. Here the computer servers are located at different premises and come under the ambit of any place, and can infringe the activities of third party. Another thing is for the profits making to make them financially strong from the infringing activities. They take some amount for their services but could also make money by indirectly taken advertisements.

There are primary and secondary liabilities, in primary they are strictly liable and in secondary they should be mere distributors and organize of performance and some contribution in the infringement. But the copyright act does not specifically divide the liability into the two. In copyright, the secondary has liable because there is knowledge of infringement.

Liability under the Information Technology Act, 2000

In India, under this act, the internet service providers are called as network service provider. And defined under the explanation of section 79 (a), it means an intermediary.

And the intermediary is defined under section 2 (w) as any person who on behalf of other persons receive, store and transmit the any electronic messages and provide services with respect to them.

The section 79 states the exemption from the liability of these intermediaries.

It shall not be liable for the infringement of the third part data if-

- The function of intermediary is to access the communication system and the information is provided on it.
- The intermediary does not select the receiver and modify the information contained in the receiver.
- The intermediary observes the guidelines of central government and take due diligence while discharging their duty.

The section 79 (3) states that these are liable in the following conditions:

- The intermediary has conspired and abetted the offences under this act; they threat another person or promise to do any act which is unlawful in nature.
- That the information, data, links are been shared for any unlawful act, or on receiving the information of this nature from the government, the intermediary doesn't remove it or disable to access it.

The act states that which are not liable to be infringement, and widen the scope, that except these others things can be liable to infringement.

Criminal liability

The criminal liability comes when he done the act of infringement or abets for doing the act of infringement of copyright or any other rights conferred on it. In this situation the punishment may extend up to one year or with fine.

How can the ISPs be exempt from the liability?

- Lack of knowledge: he can escape from liability if he proves that he is unaware of the happenings that infringing materials is passing and stored through his server. But if a notice or information of these materials are given then they can not take the plea of lack of information and has to take the proper action for removing these types of contents.
- Due diligence: it means he has to take all the precautions and there must be no negligence on the part of it. As there are millions of files in gigabyte passed through it, so its not

possible to check all of it but if checks some particular suspicious files then it amount to due diligence. It means duty to take care and investigate any material which is unlawful and block it whenever you found it.

Provisions relating to offences under IT Act, 2000

- **Section 43(h) of the IT Act:** Section 43(h) read with section 66 of the IT Act penalises an individual who charges the services availed of by a person to the account of another person by tampering with or manipulating any computer, computer system, or computer network. A person who tampers with the computer system of an electricity supplier and causes his neighbour to pay for his electricity consumption would fall under the aforesaid section 43(h) of the IT Act for which there is no equivalent provision in the IPC.
- **Section 65 of the IT Act:** Section 65 of the IT Act prescribes punishment for tampering with computer source documents and provides that any person who knowingly or intentionally conceals, destroys or alters or intentionally or knowingly causes another to conceal, destroy, or alter any computer source code (i.e. a listing of programmes, computer commands, design and layout and programme analysis of computer resource in any form) used for a computer, computer programme, computer system or computer network, when the computer source code is required to be kept or maintained by law for the time being in force, shall be punishable with imprisonment for up to 3 (three) years or with a fine which may extend to Rs. 3,00,000 (Rupees lakh) or with both.
- To a certain extent, section 409 of the IPC overlaps with section 65 of the IT Act. Section 409 of the IPC provides that any person who is in any manner entrusted with property, or with any dominion over property in his capacity as a public servant or in the way of his business as a banker, merchant, factor, broker, attorney or agent, commits criminal breach of trust in respect of that property, shall be punished with imprisonment for life or with imprisonment of either description for a term which may extend to 10 (ten) years, and shall also be liable to a fine. However, section 65 of the IT Act does not require that the person who tampers with or damages or destroys computer source documents should have been entrusted with such source code. Under section 409 of the IPC, criminal breach of trust should have been committed by someone to whom the property was entrusted.

- **Violation of privacy:** Section 66E of the IT Act prescribes punishment for violation of privacy and provides that any person who intentionally or knowingly captures, publishes or transmits the image of a private area of any person without his or her consent, under circumstances violating the privacy of that person, shall be punished with imprisonment which may extend to 3 (three) years or with fine not exceeding Rs. 2,00,000 (Rupees two lakh) or with both.
- There is no provision in the IPC that mirrors Section 66E of the IT Act, though sections 292 and 509 of the IPC do cover this offence partially.
- Section 292 of the IPC has been discussed above. Section 509 of the IPC provides that if any person intending to insult the modesty of any woman, utters any word, makes any sound or gesture, or exhibits any object, intending that such word or sound shall be heard, or that such gesture or object shall be seen, by such woman, or intrudes upon the privacy of such woman, such person shall be punished with simple imprisonment for a term which may extend to 1 (one) year, or with fine, or with both. Unlike section 66E of the IT Act which applies to victims of both genders, section 509 of the IPC applies only if the victim is a woman.
- **Section 67C of the IT Act:** Section 67C of the IT Act requires an ‘intermediary’ to preserve and retain such information as may be specified for such duration and in such manner and format as the Central Government may prescribe. The section further provides that any intermediary who intentionally or knowingly contravenes this requirement shall be punished with imprisonment for a term which may extend to 3 (three) years and also be liable to a fine. An ‘intermediary’ with respect to any particular electronic record, has been defined in the IT Act to mean any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers, network service providers, internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites, online-market places and cyber cafes. There is no corresponding provision in the IPC.

- **Cyber terrorism:** Section 66F of the IT Act prescribes punishment for cyber terrorism. Whoever, with intent to threaten the unity, integrity, security or sovereignty of India or to strike terror in the people or any section of the people, denies or causes the denial of access to any person authorized to access a computer resource, or attempts to penetrate or access a computer resource without authorisation or exceeding authorised access, or introduces or causes the introduction of any computer contaminant, and by means of such conduct causes or is likely to cause death or injuries to persons or damage to or destruction of property or disrupts or knowing that it is likely to cause damage or disruption of supplies or services essential to the life of the community or adversely affect critical information infrastructure, is guilty of 'cyber terrorism'. Whoever knowingly or intentionally penetrates or accesses a computer resource without authorisation or exceeding authorised access, and by means of such conduct obtains access to information, data or computer database that is restricted for reasons for the security of the State or foreign relations, or any restricted information, data or computer database, with reasons to believe that such information, data or computer database so obtained may be used to cause or likely to cause injury to the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence, or to the advantage of any foreign nation, group of individuals or otherwise, is also guilty of 'cyber terrorism'.
- Whoever commits or conspires to commit cyber terrorism shall be punishable with imprisonment which may extend to imprisonment for life.
- There is no provision in the IPC that mirrors section 66F of the IT Act, though section 121 of the IPC (waging, or attempting to wage war, or abetting waging of war, against the Government of India) does cover this offence partially

POWERS AND FUNCTIONS OF CONTROLLER UNDER IT, ACT 2000

Section 17- Appointment of the Controller and other officers

- The Central Government may appoint a Controller of Certifying Authorities after notifying the Official Gazette. They may also appoint Deputy Controllers and Assistant Controllers as it deems fit.
- The Controller discharges his responsibilities subject to the general control and also directions of the Central Government
- The Deputy Controllers and Assistant Controllers shall perform the functions assigned to them by the Controller under the general superintendence and also control of the Controller.
- The qualifications, experience and terms and conditions of service of Controller, Deputy Controllers, and Assistant Controllers shall be such as may be prescribed by the Central Government.
- The Head Office and Branch Office of the office of the Controller shall be at such places as the Central Government may specify, and these may be established at such places as the Central Government may think fit.
- There shall be a seal of the Office of the Controller.

Section 18- Functions of Controller

A Controller performs some or all of the following functions:

- Supervise the activities of the Certifying Authorities and also certify their public keys
- Lay down the standards that the Certifying Authorities follow;
 - a. qualifications and also experience requirements of the employees of all Certifying Authorities
 - b. conditions that the Certifying Authorities must follow for conducting business

- c. the content of the printed, written, and also visual material and advertisements in respect of the digital signature and the public key.
- d. the form and content of a digital signature certificate and the key.
- e. the form and manner in which the Certifying Authorities maintain accounts
- f. terms and conditions for the appointment of auditors and their remuneration
- Facilitate the Certifying Authority to establish an electronic system, either solely or jointly with other Certifying Authorities and its regulation
- Specify the manner in which the Certifying Authorities deal with the subscribers
- Resolve any conflict of interests between the Certifying Authorities and the subscribers
- Lay down the duties of the Certifying Authorities
- Maintain a database containing the disclosure record of every Certifying Authority with all the details as per regulations. Further, this database is accessible to the public.

Section 19- Recognition of Foreign Certifying Authority

- A Controller has the right to recognize any foreign certifying authority as a certifying authority for the purpose of the IT Act, 2000. While this is subject to the conditions and restrictions which the regulations specify, the Controller can recognize it with the previous approval of the Central Government and notify in the Official Gazette.
- If a controller recognizes a Certifying Authority under sub-section (i), then its digital signature certificate is also valid for the purpose of the Act.
- If the controller feels that any certifying authority has contravened any conditions or restrictions of recognition under sub-section (i), then he can revoke the recognition. However, he needs to record the reason in writing and notify in the Official Gazette.

Section 20- Controller to act as a repository

- The Controller will act as a repository of all digital signature certificates under this Act.

- The Controller will –
 - a. Make use of secure hardware, software, and also procedures.
 - b. Observe the standards that the Central Government prescribes to ensure the secrecy and also the security of the digital signatures.
- The Controller will maintain a computerized database of all public keys. Further, he must ensure that the public keys and the database are available to any member of the public.

Section 21- License to issue Digital Signature Certificates

(1) Subject to the provisions of sub-section (2), any person can apply to the Controller for a license to issue digital signature certificates.

(2) A Controller can issue a license under sub-section (1) only if the applicant fulfills all the requirements. The Central Government specifies requirements with respect to qualification, expertise, manpower, financial resources, and also infrastructure facilities for the issuance of digital signature certificates.

(3) A license granted under this section is –

(a) Valid for the period that the Central Government specifies

(b) Not transferable or inheritable

(c) Subject to the terms and conditions that the regulations specify

Section 28- Power to investigate contraventions

1. The Controller or any other Officer that he authorizes will investigate any contravention of the provisions, rules or regulations of the Act.

2. The Controller or any other Officer that he authorizes will also exercise the powers conferred on Income-tax authorities under Chapter XIII of the Income Tax Act, 1961. Also, the exercise of powers will be limited according to the Act.

Section 24- Certifying Authorities

Certifying Authorities has been granted a license to issue a digital signature certificate. One can procure Class 2 or 3 certificates from any of the certifying authorities.

- National Informatics Center
- IDRBT Certifying Authority
- Safe Scrypt CA Services, Sify Communications Limited
- (n) Code Solutions CA
- E-MUDHR
- CDAC
- NSDL
- Capricorn
- Pantasing
- IDSIGN

Section 2 (q)- Digital Signature Certificate means a Digital Signature Certificate issued under sub-section (4) of section 35.

Digital Signature Certificates (DSC) are the digital equivalent (that is electronic format) of physical or paper certificates. Few Examples of physical certificates are drivers' licenses, passports or membership cards. Certificates serve as proof of identity of an individual for a certain purpose; for example, a driver's license identifies someone who can legally drive in a

particular country. Likewise, a digital certificate can be presented electronically to prove one's identity, to access information or services on the Internet or to sign certain documents digitally.

JURISDICTION OVER CYBER CRIME

Jurisdiction is the power or authority of the court to hear and determine the cause and adjudicate upon the matter that are litigated before it or the power of the court to take cognizance of the matter brought before it but when it comes to determine the jurisdiction in context of cyber space it becomes laborious part of law.

Provisions relating to Jurisdiction under IT Act

Sec 1- specifies the extent of the application of this act. It states that:

(2) It shall extend to the whole of India and, save as otherwise provided in this Act, it applies also to any offence or contravention there under committed outside India by any person.

Sec 75 deals with the provisions of the act to apply for offences or contravention committed outside India.

It states that:

1. subject to the provision of sub section (2), the provision of this act shall also apply to any offence or contravention committed outside India by any person irrespective of his nationality.
2. For the purpose of sub section (1), this act shall apply to an offence or contravention committed outside India by any person if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India.

The above sections sec1 (2) and sec 75 of the IT Act applies to any offence or contravention committed in India as well as outside India. The application of this act outside India is empowered by invoking the power of extra territorial jurisdiction of nation It is immaterial to the fact that whether the offender is citizen of India or not and whether the crime has been committed inside or outside of India because it applies to any person irrespective of their

nationality if he harms or tries to the computer, computer system or network located in India either by operating in India or from any part of the world.

The Information Technology Act, 2000 seems exhaustive when it comes to adjudicate the matter where the parties are Indian citizen and the offence or any contravention has been committed in India as the Indian Courts follow the Principle of **lex foris** that means the law of the country but it still creates confusion in order to exercise its extra territorial jurisdiction where the offence has been committed outside or by any non-citizen.

For instance, if a Chinese citizen damaged the reputation of one of the Indian Politician by publishing lewd comments through the social media and the aggrieved person approached to Indian court for the justice. It is obvious that IT act, 2000 provides for extra territorial jurisdiction but the issue arises here that how far would it be effective to bring the Chinese citizen to India to be prosecuted for cyber defamation as the IT Act is not applicable to the Chinese citizen.

Apart of IT Act 2000, there are other relevant legislation under Indian laws that gives the authority to India Courts to adjudicate the matters related to cyber-crimes such as:

Sec 3 and 4 of Indian penal code 1882 also deals with the extra territorial jurisdiction of Indian courts.

Section 188 of CrPC 1973 provides that even if a citizen of India outside the country commits the offence, the same is subject to the jurisdiction of courts in India. Section 178 deals with the crime or part of it committed in India and Section 179 deals with the consequences of crime in Indian Territory.

Sec 46 of the Act renders power to adjudicate in case of contravention of any provision of this act and for the purpose adjudging it provides for the appointment of adjudicating officer who is vested with the powers of civil courts which are conferred on the Cyber Appellate Tribunal.

Section 48- Cyber Appellate Tribunal

Cyber world is entirely different from the real existing world but it has the capacity to engage crimes that happen in the real world. The Cyber Appellant Tribunal is established to stop cyber-crimes and punish those who are part of it. The efficacy of the Cyber Appellant Tribunal can be improved by creating necessary awareness in the public & the authorities and with efforts to deploy adequate manpower. It is important to enhance technological ability to deal with any situation that will come across. It is necessary to maintain integrity, confidentiality and authentication of communication channels and processes. For certain types of crimes there lies a requirement of certain kinds of courts for faster decision. Following the procedure of natural justice and not C.P.C, decision is expected faster.

The Appellate tribunal is established by the government under this Act and the government itself decides the matters and places as to where the tribunal would exercise its jurisdiction. It is considered as the first appellate tribunal where the appeal from the orders of control board or the adjudicating officers is preferred. Further any person aggrieved by the decision of appellate tribunal may prefer appeal in High Court within sixty days from the date of communication of such decision or order.

COMPOSITION OF THE APPELLATE TRIBUNAL

CHAPTER X Section 49 of the IT Act 2000 states composition of Cyber Appellate Tribunal. It shall consist of a Chairperson and such number of other members as the Central Government may notify.

Eligibility of the Chairperson

A person shall not be qualified for appointment as a chairperson of a cyber appellate tribunal unless he is, or has been, or is qualified to be, judge of the high court.

A person on his selection as a chairperson of the cyber appellate tribunal shall have to retire from service before joining.

Term of office

Section 51 (1) provides a five-year term for the Chairperson or Member of the Cyber Appellate Tribunal. The term starts from the date on which he enters upon his office. It will last for five years or until he attains the age of 65 years, whichever is earlier.

POWERS OF CYBER APPELLATE COURT

Section 58(2) of IT act, 2000 states power of cyber appellate courts-

- Summoning and enforcing the attendance of any person and examining him on oath;
- Requiring the discovery and production of documents or other electronic records;
- Receiving evidence on affidavits;
- Issuing commissions for the examination of witness or documents;
- Reviewing its decisions;
- Dismissing an application for default or deciding it ex parte;
- Any other matter, which may be prescribed.

Section 57- Appeal to Cyber Appellate Tribunal

Appeal to Appellate Tribunal– (1) Save as provided in sub-section (2), any person aggrieved by an order made by controller or an adjudicating officer under this Act may prefer an appeal to a Appellate Tribunal having jurisdiction in the matter.

(2) No appeal shall lie to the Appellate Tribunal from an order made by an adjudicating officer with the consent of the parties.

(3) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order made by the Controller or the adjudicating officer is received by the person aggrieved and it shall be in such form and be accompanied by such fee as may be prescribed:

Provided that the Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(4) On receipt of an appeal under sub-section (1), the Appellate Tribunal may, after giving the parties to the appeal, an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(5) The Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned Controller or adjudicating officer.

(6) The appeal filed before the Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of the appeal.

RELEVANT CASES LAWS

Cyber Jurisdiction

A Case of Cyber Defamation- SMC Pneumatics (India) Pvt. Ltd. v. Jogesh Kwatra³⁵

The first of its kind case from India. In this case, the defendant was an employee of the plaintiff's company who used to send derogatory, obscene, vulgar, and abusive emails to his employers and also to different subsidiaries of the said company all over the world. The motive behind sending those emails was to malign the reputation of the company and its Managing Director all over the world.

The High Court of Delhi assumed jurisdiction over a matter of defamation of reputation of corporate through e-mails. An ex-parte injunction was granted by the court.

SIL Import V. Exim Aides Silk Importers³⁶

In this case the court successfully highlighted the need of interpretation of the statute by judiciary in the light of technological advancement that has occurred so far . Until there is specific legislation in regard to the jurisdiction of the Indian Courts with respect to Internet disputes, or unless India is a signatory to an International Treaty under which the jurisdiction of the national courts and circumstances under which they can be exercised are spelt out, the Indian courts will have to give a wide interpretation to the existing statutes, for exercising Internet disputes.

³⁵ *SMC Pneumatics India Pvt. Ltd. v. Jogesh Kwatra*, CS(OS) No. 1279/2001 (Delhi High Court, 2001)

³⁶ (1999) 4 SCC 567

Impresario Entertainment & Hospitality Pvt. Ltd. V. S&D Hospitality ³⁷

In this case the plaintiff's company offers restaurant services which has its registered office in Mumbai and is carrying its business in New Delhi and a restaurant under the name and style of 'SOCIAL' which it has trademark and has various branches as well. The plaintiff came to know about the defendant's restaurant in Hyderabad under the name '**SOCIAL MONKEY**'.

Also, it has a popular beverage by the name **A GAME OF SLING** and the defendant has named a beverage as **Hyderabad Sling** which is identical or deceptively similar to the plaintiff's beverage. Both these outlets had entered into contract with websites like Zomato and Dine Out and the information of both, along with menu and contact info was made available on the websites of Zomato and Dine Out.

Therefore, issue before the Delhi High Court was whether it had the jurisdiction to adjudicate upon the matter?

The Hon'ble Court also observed that for the purposes of a passing off or an infringement action (where the plaintiff is not located within the jurisdiction of the court), the injury on the plaintiff's business, goodwill or reputation within the forum state as a result of the Defendant's website being accessed in the forum state would must be shown. Therefore, the court held that mere interactivity of the website in the forum State did not attract its jurisdiction.

Earlier similar view was given in the case of **Banyan Tree Holding (P) Limited v. A. Murali Reddy and Anr**³⁸ wherein the court held that a passive website, with no intention to specifically target audiences outside the State where the host of the website is located, cannot vest the forum court with jurisdiction.

The Information Act 2000 has established the Cyber Appellant Tribunal. As the name suggests the tribunal has appellant jurisdiction only. Thus, it has authority to exercise its appellant jurisdiction over both on facts as also in law over a decision or order passed by the Controller of Certifying Authorities or the adjudicating officer. In other words, it has the statutory authority to examine the correctness, legality or propriety of the decision or order passed.

³⁷ CS(COMM) 441/2017

³⁸ CS (OS) No.894/2008

Intermediary Liabilities for Hosting Obscene Content

The BAZEE.Com Case-

Facts: An obscene MMS video was listed for sale on the website www.bazeee.com (An obscene MMS video was listed for sale on the website www.bazeee.com (now www.ebay.in) ("**Website**"). Though the Website had requisite filters to detect such listings, this listing was not tracked.

The item was first listed on the evening of November 27, 2004 on the Website and deactivated only two days later i.e. on 29 November, 2004 after a complaint was lodged. In the meantime, a few sales took place through the Website.

Upon investigation by the Crime Branch of Delhi, Ravi Raj, Avnish Bajaj, the managing director of the Website, and Sharat Digumarti, the manager of the Website, were held responsible for handling the content on the Website. They were listed as the accused on the charge sheet.

Relevant Provisions of the IPC and IT Act

- Section 292 of the IPC deals with obscenity, and states that a figure or any object shall be deemed to be obscene if it is lascivious or appeals to the prurient interests such as to tend to deprave and corrupt a person. Further, the section makes it an offence to distribute, import, export, exhibit, advertise, etc. obscene content by means of traditional *print* media
- Section 294 of the IPC makes it an offence to do any obscene acts, or utter obscene words or songs in public places to the annoyance of others.
- Section 67 of the IT Act makes it an offence to publish or transmit obscene content in *electronic* form.

Thus, the difference between Section 292 of the IPC and Section 67 of the IT Act is that while the latter criminalizes the transmission of obscene content by electronic means, the former criminalizes the dissemination of obscene content through conventional print media, such as through writings, drawings, books or pamphlets.

In 2005, the Delhi High Court ("DHC") observed that³⁹ Avnish Bajaj could not be held liable as the company was not arraigned as a plaintiff. The IPC did not recognize the concept of automatic criminal liability of a director of a company, when the company itself was not a party to the suit.

The Delhi High Court did not throw light on the interpretation of Section 79 of the IT Act although Baze.com was the intermediary whose presence was responsible for the offence committed. While 67 imposes criminal liability in certain cases. Nevertheless, section 79 of the Act was not considered by the Delhi High Court in the Baze.com case. However, the Delhi High Court did conclude by observing that ‘the law in our country is not adequate to meet the challenge of regulating the use of the internet to prevent the dissemination of pornographic material’ and suggested that it may be useful to look at the legislative response in other common jurisdiction.

IPR and Internet

The Napster Judgment⁴⁰

Napster, an early peer-to-peer file sharing network which could be used for transmitting various files, but which attained massive popularity as a way to share music through mp3s. Unsurprisingly, major record companies took issue with large-scale distribution of their music for free and sued Napster for direct, contributory, and vicarious infringement of copyright in order to protect their intellectual property.

The plaintiff was sued by the defendants, for P2P file sharing. In this case, Napster provided software, whereby the user can share media files (MP3 Files) stored in his computer to other user of Napster. Napster’s “MusicShare” software allowed internet users to search for MP3 music files stored on each others computers and exchange the files directly with one another. The software maintained a dynamic directory of the files available from users currently logged on to the system. Each time a user logged on, the software would add that user’s IP address and list available files to the directory. A logged-on user could then search the directory for desired files and download it. The Court held that since Napster was aware the specific infringing files being

³⁹ 150(2008)DLT 769.

⁴⁰ *A & M Records, Inc v. Napster Inc*, 114F.Supp.2d 896 (2000)

transmitted through its system it could be held for contributory liability. But, there was a settlement between the parties, whereby Napster had to give a third of all future profits to the settling parties, and Napster Inc. was shut down in 2000.

In *Sega Enterprises v Maphia*⁴¹, the plaintiff manufactured video games which could only be played on game consoles manufactured by plaintiff. The defendant managed a Bulletin Board Services (BBSs) that enabled users to upload Sega games to his BBSs which others could then download. The court took the view that defendant infringed plaintiff's copyright as it caused or materially contributed to the infringement.

In *Kelly v Arriba SoftCorp*⁴² Leslie Kelly's copyrighted pictures were displayed by a search engine that not only produced thumbnails but also large size pictures in its search results. This was held by the court to be an unauthorized reproduction of plaintiff's pictures that directly infringed copyright of the plaintiff. While creating only thumbnails could be justified as fair use, but downloading from search engine result full size image amounted to an infringement.

In the case of *Gramophone company of India v. Super cassette Industries ltd*,⁴³ the court took the view that plaintiff had infringed the copyright of plaintiff in sound recordings, wherein a remix version of a song was being sold by defendant on the internet or as mobile tune. The court observed that right of a copyright holder in a recording version to sell, give on hire or offer for sale or hire to public or distribute is not curtailed by the format in which it may be sold online.

In *Eastern Book Company Limited v D. B Modak*⁴⁴, the appellants were engaged in business of printing judgements of the Supreme Court of India through its publication 'Supreme Court Cases'. These judgements would be copyedited by them to make these more user friendly by putting cross references, inputs, paragraph numbers, formatting and headnotes. Appellants contended that since creation of headnotes required considerable skill, labour and time and expense, the work is an original literary work and the appellants alone had exclusive rights to make hard copies or electronic copies of the publications under Section 14 of the Copyright Act,

⁴¹ 948 F.Supp.923(N.D.Cal.1996).

⁴² 280 F,3d 934(9th Cir.2002).

⁴³ 50 (1995) DLT 99.

⁴⁴ Appeal (civil) 6472 of 2004.

1957. It was alleged by the appellant that the respondent had produced a software called Grand Jurix by scanning, copying and reproducing portions of the publication of the Appellant which constituted infringement of copyright as per Section 51 of the Copyright Act. When appellants prayer for interim injunction was rejected by the high court, the matter was appealed to division bench that directed the respondents to sell their software without the headnotes or text of appellants. In contempt petitions filed against respondent for non compliance of this order, the Division bench held that so far the footnotes and headnotes are concerned these are protected by copyright but it did not grant injunction against sale of the copyedited judgements as a whole.

Before the Supreme Court, the issues that were considered were what the standard of originality in the copyedited judgments is and what will give such derivative work protection of copyright? Another issue was whether the whole of copyedited judgement deserves protection of copyright or any part thereof such as headnotes?

The Supreme court relied on the *CCH Canadian ltd vs Law Society of Upper Canada*⁴⁵ and observed that derivative work must have some sufficient distinguishable quality or features which the original work does not possess. Only trivial inputs will not satisfy the test of copyright of an author. Novelty or innovation is not the requirement of copyright but it does require minimum degree of creativity. The Court observed that copyedited texts of judgements of appellant deserved protection of copyright and partly allowed the appeals directing that though respondents may sell their CDs with their own editorial content and headnotes during pending of the matter in high court but it can do so without using the footnotes, headnotes, editorial comments and inputs of the appellants.

In *Microsoft corporation v Yogesh popat*⁴⁶, the Delhi High Court dealt with a copyright infringement case and awarded compensation of Rs 23.62 lacs to Microsoft Corporation against M/s Compton Computers Private ltd and its directors for uploading pirated software of Microsoft in computers the company sold after assembling parts.

⁴⁵ (2004) 1 SCR 339 (Canada).

⁴⁶ 2005 (30) PTC 245 (Del).

UNIT - IV

LAW RELATING TO GEOGRAPHICAL INDICATIONS IN INDIA

In recent years geographical indications has emerged as one of the effective tool of protecting the “quality, reputation or other character of goods essentially attributable to their geographical origin.” The special characteristics, qualities or reputation may be due to various factors eg.natural factors such as raw materials, soil, regional climate, temperature, moisture etc or the method of manufacture or preparation of the product in a particular region, specialization in the production or preparation of certain products and maintaining of certain quality standards. Geographical indications are recognized as a tool for securing Consumers loyalty by establishing the link between product attributes and the geographical origin. GIs also protects the culture, geography, traditions, heritage and traditional practices of peoples and countries.

Nature of GIs

The geographical indications are indications identifying a good as originating in a country, region, or locality in that country. This would include not only geographical names proper but also any traditional non- geographical names, which have acquired geographical significance. While the former category would comprise well-known geographical indications such as champagne wines, Darjeeling tea, Mysore Silk, Nagpur Oranges, Kashmir Pashmina etc, the latter category would comprise names such as basmati rice identifying a unique aromatic rice originating from a region in the Indian sub-continent falling in India and Pakistan ,feta cheese from Greece, alphonso mangoes from India. Thus the geographical indication forms the vital part of the culture and traditions of a country.

Functions of GIs

1. GIs identify the source of a product along with quality.
2. Assures consumers of a certain standard and unique quality.
3. Protects livelihood of artisans and craftsmen.
4. Generates employment and additional rents to producers.

5. Retains the population in the specific regions.
6. Provides information to the consumers on the product quality, reputation, characteristics attributed to a geographical area.

Thus the function of a geographical indication is that it points to a specific place or region of production that determines the characteristic qualities of the product that originates from there. The product must derive its qualities and reputation from place. Since these qualities depend on the geographical place of production, a specific link exists between the products and their original place of production.

Need for Protection of GIs

1. They identify a product source along with quality;
2. They inform customers that the product have a certain quality , reputation or other exquisite quality due to their geographical origin;
3. Trade interests are protected as GI tag suggest that the product comes from a particular area;
4. It protects livelihood of artisan and craftsmen;
5. It assures consumers of a certain standard and unique quality;
6. GI tag qualifies for protection under TRIPs and domestic IP laws;
7. Secures customers loyalty for the product; and
8. Provides cultural protection for the craftsmen/artisans/producers.

Benefits of GIs

1. It rewards tradition;
2. Emphasizes relationship between cultures and environment, land, resources;
3. They are not transferable from one owner or another;
4. A collective tradition is protected; and
5. Knowledge is passed down to generations.

Objectives of Geographical Indications of Goods (Registration and Protection) Act, 1999.

1. To protect the interest of the producers of goods.
2. To exclude unauthorized persons from misusing GIs and to protect consumers from deception.
3. To promote goods bearing GI in the export market.
4. The *Geographical Indications Of Goods (Registration and Protection) Act, 1999* defines geographical indications. According to section 2(e) “geographical indications”, in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristics of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.⁴⁷
5. *Explanation:* For the purposes of this clause, any name which is not the name of country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be.
6. Section 2(f) defines “goods” as any agricultural, natural or manufactured goods or any goods of handicrafts or of industry and includes food stuff.
7. The Act explicitly extends the protection to geographical indications used not only for agricultural products, but also for manufactured goods, though generally the use of geographical indication may be more predominant in respect of agricultural products where such products typically have qualities attributable to the specific geographical area.

“Appellations of origin” relates to the geographical origin of the product, and also to the quality and characteristics of the product produced from that particular region. Boedeaux (from

⁴⁷ Geographical Indications of Goods (Registration and Protection) Act, 1999, Sec2(1)(e)

France) for wine, Phu Quoc fish Sauce (from Vietnam), ‘Napa Valley’ for wine (from California region in America), ‘Jamaican Blue Mountain Coffee’ (from the Blue Mountain region in Jamaica), Tequila for liquor (made in Tequila town in the State of Jalisco, Mexico), ‘Café de Narino’ and ‘Cade del Cauca’ for coffee (from Columbia), ‘Chulucanas’ pottery (from peru), etc. are examples of appellations of origin.

“**Indication of Source**” refers to the country of origin and need not contain any of the other attributes of either GI or appellations of origin.

“**Applying**” GI

Section 37 deals with the term “applying“ GI . A person is deemed to apply a GI to goods who

- applies GI to the goods themselves
- applies it to any package in or with which the goods are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture;
- places, encloses or annexes any goods which are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, in or with any package to which a GI has been applied;
- uses a GI in any manner reasonably likely to lead to the belief that the goods in connection with which it is used are designated or described by that GI;
- in relation to the goods uses a GI in any sign, advertisement, invoice, catalogue, business letter or paper, price list, or other commercial documents and goods are delivered to a person in pursuance of a request or order made by reference to the GI as so used.
- It is also deemed to be applied to goods whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to the goods.

“**falsifying “ and falsely applying” a GI**

Section 38 (1), “Falsifying a GI”, means that a person without the assent of the authorized user of the GI, makes that GI or deceptively similar GI or falsifies any genuine GI by alteration, addition, effacement or otherwise.

Section 38 (2), “Falsely applying a GI” means, that a person without the assent or permission of the authorized user applies such GI or a deceptively similar GI to the goods itself or to any package containing the goods or uses any package bearing a GI which is identical with or deceptively similar to the GI of an authorized user for packing, filing, or wrapping the goods other than the genuine goods of the authorized user.

REGISTRATION OF GIs

The Geographical Indications of Goods (Registration and Protection) Act, 1999⁴⁸ confers certain rights on the proprietor of the geographical indication and the authorized user, exclusive right to the use of a geographical indication in relation to goods to which the registration is obtained.⁴⁹ All applications for registration of GI must be made to the Registrar of GI. It can be made by an association of persons, or producers or any organization or authority established by or under any law for the time being in force representing the interest of the producers of the concerned goods.

Essentials of the application⁵⁰

1. A brief of facts explaining the nature of the goods, attributes linked to the originating territory of the country or region, with specific reference to the specific quality, reputation or other characteristics of which are essentially due to the geographical environment with its inherent natural and human factors, and the production, processing or preparation of which takes place in such territory, region or locality.
2. Particulars of human skill involved or uniqueness of the geographical environment, full name and address of the association of persons or organisations or authority representing interest of the producers and particulars as to how the inspection is to be carried out.

⁴⁸ Herein after Act

⁴⁹ Section 21 of the Act.

⁵⁰ Section 36 of the Act.

3. In case of a homonymous GI the factors differentiating the application from the other registered GIs and protective measures adopted to be mentioned so that consumers are not confused.⁵¹
4. The application along with the statement of facts must be in triplicate duly signed by the applicant or his agent. Further the application must be made in Form GI-1 along with a fee of Rs.5000. The applicant should provide sufficient details about the GI so that relief can be obtained in case of infringement.
5. To mention the class of goods to which the GI tag shall apply.
6. The geographical map (3 certified copies) of the territory of the country or area region or locality in the country in which the goods originate or are being manufactured, details of the locality showing the title, name of publisher and date of issue.
7. Particulars regarding the appearance of the GI as to whether it is comprised of words or figurative elements or both.
 - The graphical representation must be able to stand in place of the GI without need for supporting samples.
 - Must be reasonably clear to the persons inspecting the register or reading GI Journal as to what the GIs are.
 - Application for three dimensional GI shall not be acted upon unless the application contains a statement to that effect.
 - Where a colour combination is claimed as an element of a GI in the application, it shall not be acted upon unless it contains a statement to that effect and specifies the colours.
8. A statement containing the particulars of the producers of the concerned goods, if any proposed to be initially registered along with the application.
9. An affidavit as to how the applicant claims to represent the interest of the association of persons or producers or any organisations or authority, the standards to be used for

⁵¹ Rule 32 (6) (a-b)

benchmarking, particulars of the mechanism to ensure that standards, quality, integrity and consistency are maintained by producers, three certified copies of the map

10. Such other particulars as may be prescribed.

As per Section 11, a single application can be made for registration of a GI for different classes of goods and fee payable shall be in respect of each such class of goods. The Registrar shall examine all the application made, may refuse or accept it absolutely or with modification and shall record his reasons for refusal or conditional acceptance as the case may be.

As per Rules 82 (B)⁵² a divisional application shall be made in Form GI-5 for division of single application and it can be divided into two or more separate applications and on payment of division fee and class fee as appropriate, the Registrar shall treat divisional application as a separate application with the same filing date. If there is a deficiency in the application, the Registrar shall notify of the same and it must be corrected within 30 days, otherwise it shall be treated as if the request for division has been abandoned.

Advertisement of application

GI application after acceptance has to be published in the journal. The advertisement of the registration is to be done in the Journal of Geographical Indication, within three months, which is then put on the website of the Registry or on any suitable electronic media.

Prohibited Geographical Indication

- GIs likely to cause deception or confusion.
- Contrary to any law for the time being in force.
- Which consists of scandalous or obscene matter
- Which consists of matter which is likely to hurt religious sentiments
- Which would otherwise be disintitiled to be protected in court?
- Which are determined to be generic names or indications of goods which are protected in another country or which have fallen to disuse in that country.

⁵² Geographical Indications of Goods (Registration and Protection) Rules, 2002.

- Which may be true as to the territory, region or locality in which the goods originate but falsely represent to the persons that the goods originate but falsely represent to the persons that the goods originate in another territory, region or locality as the case may be.

In addition, a GI may be registered in respect of all or any of the goods comprised in such class of goods as may be classified by the Registrar in respect of a definite territory of a country , or a region or locality in that territory subject to the international classification of goods for registration of GIs.

RIGHTS CONFERRED BY GEOGRAPHICAL INDICATIONS

The Geographical Indications of Goods (Registration and Protection) Act, 1999⁵³ confers certain rights on the proprietor of the geographical indication and the authorized user, exclusive right to the use of a geographical indication in relation to goods to which the registration is obtained.⁵⁴ The act also provides the right to obtain relief in respect of infringement of the geographical indication.

These rights are not absolute but there are certain conditions and limitations which can be imposed on the exclusive right. The conditions or limitations may be as follows:-

- Variation conditions where the proprietor has agreed that the name and description of goods appearing on the mark will be varied when the geographical indications is used in relation to goods covered by the specification, other than those mentioned in the label.
- Conditions that the registered geographical indication shall not be used in respect of certain specific goods.
- Blank space condition requiring that any blank space in the label shall be occupied only by matter of a non-distinctive nature.
- Limitation condition as to the area within which the registration is to operate.

⁵³ Hereinafter Act

⁵⁴ Section 21 of the Act.

The words “if valid” in section 21 circumscribe the rights of the proprietor. Section 23 explicitly enacts that in all legal proceedings relating to a geographical indications registered under this Act, the fact of registration of the geographical indication shall be prime facie evidence of the validity thereof. The validity of registration of a geographical indication is to be considered only in rectification proceedings.

The proprietor or authorized user of the geographical indications also has a right to file a suit for infringement of his right. The Act provides for the reliefs which a court may grant in any suit for infringement or passing off, which includes injunction and at the option of the plaintiff, either damages or account of profits, together with or without any order for the delivery up of the infringing labels and indications for destruction or erasure.⁵⁵

Two or More Authorised Users

Where two or more authorized users are registered for identical or nearly resembling geographical indications, the rights would be co-equal and the exclusive right does not operate against each other.⁵⁶

Death of an Authorized User

On the death of an authorized user his right in a registered indication shall devolve on his successor in title under the law for the time being in force.

DIFFERENCE BETWEEN GEOGRAPHICAL INDICATION AND TRADE MARKS

Generally geographical indications influence trademarks so that the creation of a trademark linked to a geographical indication gives the trademark great probability of success. Thus often the trade marks are confused with geographical indications. No doubt that in trade, geographical indications and trade marks are interlinked but still there are many differences between them. The two should not be used interchangeably. The following are the differences between geographical indications and trademarks:

⁵⁵ Section 67 of the Act.

⁵⁶Section 21(3) of the Act.

- The difference between geographical indications and trade marks is that even though both distinguish products, the trade mark distinguishes only the goods and services that are sold by one producer from those that are marketed by other. Geographical indications show the similarities of a group of products and differentiate them from others based on its source or origin.
- The other difference is the very nature of the appearance of the two distinctive symbols, because trademarks arose from the creative genius of man while geographical indications are due to the existence of human and natural factors.
- Unlike the case of trademarks, recognition must exist in order to protect geographical indications. Geographical indications are not created but they exist in nature and the characteristics differentiating them should be recognized and are linked to a particular region.
- The geographical indications are collective public rights where as the trade marks are private monopoly rights.
- The trade marks identify the source of the product but the geographical indications apart from identifying the geographical origin of a product also indicate that the product possesses certain characteristics or qualities which are inextricably linked to the geography concerned.
- Another difference between the geographical indications and trade marks is that while the trade marks can be assigned, rights in geographical indications cannot be assigned.
- The trade mark rights can be created by mere adoption of distinctive or inventive words but rights in a geographical indication are always rooted in public perception and recognition of the reputation and goodwill associated with the same and are necessarily linked to traditions and culture of the geography. In other words, trade marks may be created and adopted overnight, geographical indications are recognized over a period of time.
- A trade mark is proprietary in nature with exclusive right on the owner to use the mark, but a geographical indication represents a common heritage of the community of

producers in the geographical region or locality, whose products share the same qualities and characteristics, so that geographical indications may be used by all the producers engaged in their production in that region or locality.

- A geographical indication is also distinguished from a collective trade mark. A collective trade mark is a mark which belongs to a group or association of persons and the use thereof is reserved only for members of the group or association of persons. On the other hand a geographical indication is not a collective mark but it identifies particular goods as originating in a certain country, region or locality.
- A trademark can be a letter, a word, numerals or simply a number or a combination of letters and numbers, an abbreviation, a name, a device or figurative element, a sound or a smell on the other hand a geographical indication can only be a politico geographical names and symbols related to places.
- A trademark can claim its colour features, whereas a geographical indication cannot claim so.
- In the case of a trademark only one undertaking can use a trademark registered in its name and address, every undertaking in the same region are allowed to use the same geographical indication.
- The concept of geographical indications also encompasses “appellations of origin” used on products that have a specific quality that is exclusively or essentially due to the geographical environment in which the products are produced. In contrast trademarks are often distinguished as being used by an enterprise to distinguish its goods and services from those of other enterprises.

INFRINGEMENT OF GEOGRAPHICAL INDICATIONS

The Act lays down the law relating to infringement of registered geographical indications.⁵⁷ Thus when any of the rights of proprietor or authorized user is violated there would be an infringement of the rights. Use of the registered geographical indication by a person who is not an authorized

⁵⁷Section 22 of the Act.

user constitutes infringement. Apart from such use, if the use by the unauthorized person constitute an act of infringement. The Act also describes certain other forms of infringement of the registered geographical indication. The act provides that a person, who is not an authorized user of a registered geographical indication, infringes it when such person:

- (1) uses such geographical indication by any means in the designations or presentation of goods that indicates or suggests that such goods originate in a geographical area other than the true place of origin of such goods in a manner which misleads the persons as to the geographical origin of such goods; or
- (2) uses any geographical indication in such manner which constitutes an act of unfair competition including passing off in respect of registered geographical indication (unfair competition means-all acts as to create confusion and or false allegations regarding the establishment, goods or activities of a competitor, including false allegation to discredit the establishment, goods, or industrial or commercial activities of a competitor) ; or
- (3) uses another geographical indication to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the persons that the goods originate in the territory, region or locality in respect of which such registered geographical indication relates.⁵⁸ or
- (4) uses the GI which in the course of trade is likely to mislead the persons as to the nature, manufacturing process, the characteristics, suitability quantity of the goods.
- (5) Anyone using the expression, kind, style, imitation or like expression shall infringe the GI.

The act provides that the central government may by notification in the official gazette provide for a higher level of protection for certain goods or classes of goods which are notified.⁵⁹

The act also provides that it is an infringement to use a geographical indication in respect of goods not originating in the place indicated by such geographical indication, or even if true origin of such goods is also indicated, but the geographical indication is accompanied by expression such as 'kind', 'style', 'imitation' or the like expression.⁶⁰

⁵⁸Section 22(1) of the Act

⁵⁹Section 22(2) of the Act

Where the goods in respect of which a geographical indication has been registered are lawfully acquired by a person other than the authorized user of such geographical indication, further dealing in those goods by such person including processing or packing does not constitute an infringement of such geographical indication, except where the condition of goods is impaired after they have been put in the market.⁶¹

Thus the act provides no remedy in respect of infringement in the case of unregistered geographical indications but far sueing for passing off. A person will not be entitled to institute any proceedings to prevent or recover damages for the infringement of unregistered geographical indication.

REMEDIES FOR INFRINGEMENT OF GEOGRAPHICAL INDICATIONS

The Act provides for different civil and criminal remedies against infringement of registered geographical remedies. These are:

Civil Remedies:-

(1) Different kinds of civil remedies

The Act provides for the following civil remedies for the infringement of a registered geographical indication are

- (a) Injunction;
- (b) Damages or account of profits;
- (c) Delivery up of the infringing labels and indications.⁶²

(a) Injunction includes temporary injunction and permanent injunction. Further the court may also order an ex parte injunction for:

- Discovery of documents

⁶⁰Section 22(3) of the Act

⁶¹Section 22(4) of the Act

⁶² Section 67(1) of the Act.

- Preserving of infringing goods, documents or other evidence which are related to the subject – matter of the suit
- Restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.⁶³

This remedy is more effective and can prevent greater harm to the plaintiff. The remedy of damages on account of profits is not cumulative but alternative. The plaintiff has to select one of the two remedies at an earlier stage of the suit.

(b) The remedy of damages or account of profits may be denied where defendant satisfies the court that he was unaware and had no reasonable ground for believing that the geographical indication of the plaintiff was registered when he commenced to use it and when he became aware of the existence and nature of the plaintiff's right in the geographical indication he forthwith ceased to use it.⁶⁴

(c) It is in the discretion of the court to order the defendant to deliver up the infringing labels and indications for destruction and erasure. The court by taking relevant circumstances into account may or may not order for such remedy. A passing off action can be initiated against the infringement of unregistered geographical indications.

(2) Institution of Suit :

A suit for infringement of a registered geographical indication or relating to any right in a registered geographical indication or for passing off arising out of the use by the defendant of any geographical indication which is identical with or deceptively similar to geographical indication relating to the plaintiff whether registered or unregistered shall be instituted before the district court having jurisdiction to try the suit.

The term district court having jurisdiction includes a district court within the local limits of whose jurisdiction, the person or one of the persons instituting the suit or proceeding actually and voluntarily resides or carries on business or personally works for gain. The term 'person' includes the registered proprietor and the authorized user.⁶⁵

⁶³ Section 67(2) of the Act.

⁶⁴Section 67(3) of the Act.

(3) Stay of Proceedings :

The act provides that where in any suit for infringement of a geographical indication, the defendant pleads that registration of the geographical indication relating to plaintiff is invalid, the court shall if any proceedings for rectification of the register to the geographical indication relating to plaintiff or defendant are pending before the Registrar or the Appellate Board stay the suit pending the final disposal of such proceedings.⁶⁶ If no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the geographical indication relating to plaintiff or defendant is prima facie tenable raise an issue regarding the same and adjourn for a period of three months from the date of framing of the issue in order to enable the party concerned to apply to the appellate board for rectification of the register.

If no application is made within the specified time the issue as to the validity of the registration of geographical indication shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the issues in the case.

The stay of a suit for the infringement of a geographical indication shall not preclude the court from making any interlocutory order including any order granting an injunction, directing account to be kept, appointing a receiver or attaching any property during the period of the stay of the suit.

(4) Groundless Threats of Legal Proceedings:

The act states that where a person threatens another person by means of circulars, advertisements or otherwise with an action or proceedings for infringement of a geographical indication which is registered or alleged to be registered, the aggrieved person may bring a suit against the person making the threats, irrespective of whether he is the registered proprietor or the authorized user of the geographical indication and obtain a declaration to the effect that the threats are unjustifiable and an injunction against the continuance of the threats and may recover such damages if any as he has sustained. However no such relief will be available if the person making the threat satisfies the court that the geographical indication is registered and that the acts

⁶⁵Section 66(2) of the Act.

⁶⁶Section 57 of the Act.

in respect of which proceedings were threatened, constituted of, if done, would constitute an infringement of the geographical indication.

The registered proprietor or an authorized user of a geographical indication is also protected where he commences or prosecutes an action with due diligence for infringement of the geographical indication against the person threatened.

Criminal Remedies:

The Act contains penal provisions for violation of various provisions relating to geographical indications and for enforcement of rights relating to geographical indications. These are:

(i) Falsifying and falsely applying geographical indication:⁶⁷

It means that a person makes a geographical indication or deceptively similar geographical indication or falsifies any such indication by alteration, addition, effacement or with any other means without the assent of the authorized user.

(ii) Selling goods to which false geographical indication is applied:⁶⁸

This section provides that any person who sells, lets for hire or exposes for sale or hires or has in his possession for sale any goods possessing false geographical indication shall be restrained from doing so.

(iii) Falsely representing a geographical indication as registered:⁶⁹

This section provides the use in India in relation to a geographical indication of the words “registered” geographical indication or any other expression, symbol or sign like “r.g.i.” referring whether expressly or impliedly to registration shall be deemed to import a reference to registration in the register.

(iv) Falsification of entries in the register:⁷⁰

A person will be charged penalty if he makes or causes to be made a false entry in the register or a writing falsely purporting to be a copy of an entry in register.

⁶⁷Section 38 of the Act.

⁶⁸Section 40 of the Act.

⁶⁹Section 42 of the Act.

⁷⁰Section 44 of the Act.

(v) Improperly describing a place of business as connected with the geographical indications registry.

The punishment prescribed for the aforesaid offences varies from six months to three years imprisonment and a fine of not less than Rs. 50,000 but which may extend to Rs. 2 lakhs. However the court for adequate and special reasons in writing may impose lesser punishment.

The act also provides for enhanced penalty for second or subsequent conviction. The term of imprisonment in such cases shall not be less than Rs. 1 lakh which may extend up to Rs. 2 lakhs. The discretion is vested with the courts to impose a lesser punishment than the minimum punishment after recording in the judgment adequate and special reasons for awarding such lesser punishment. No cognizance would be taken of any conviction made before the commencement of this act. The offence under the act is cognizable.

The act also empowers the court to direct the forfeiture to government of all the goods and things by means of or in relation to which certain offences mentioned therein have been committed. The court may either order for the forfeited goods to be destroyed or otherwise disposed of.⁷¹

The act empowers the deputy superintendent of police to take cognizance of geographical indications offences and may search and seize things and articles involved therein.⁷²

Remedies through Appellate Board

The Geographical Indication Act provides for an appeal by any person aggrieved by an order or decision of the registrar of geographical indications to the appellate board. The act provides that any person aggrieved by an order or decision of the registrar may prefer an appeal to the appellate board within 3 months from the date on which such order or decision is communicated to him. Delay in preferring an appeal may be condoned on the ground of sufficient cause.⁷³

The Act bars the jurisdiction of any court or authority to exercise any jurisdiction, powers or authority in relation to the aforesaid matters.⁷⁴

⁷¹ Section 46 of the Act.

⁷²Section 50 of the Act.

⁷³Section 31 of the Act.

⁷⁴Section 32 of the Act.

The act provides that the registrar shall have the right to appear and be heard in the following cases

- (i) in any legal proceedings before the appellate board in which the relief sought includes alteration or rectification of the register or in which any question relating to the practice of the Geographical Indications Registry is raised;
- (ii) in any special appeal to the board from an order of the Registrar on an application for registration of a geographical indication or authorized user-
 - (a) which is not opposed and the application is either refused by the registrar or is accepted by him subject to any amendments, modification, conditions or limitations
 - (b) which has been opposed and the registrar considers that his appearance is necessary in the public interest.⁷⁵

The registrar shall also appear in any case if the Appellate Board, in lieu of appearance, in matters relating to an issue or the grounds of any decision given by him or the practice of the geographical indications registry or of other matter relevant to the same and within his knowledge. Such statement will be evidence in the proceedings. Further, in all proceedings before the Appellate Board the costs of the Registrar shall not be ordered to pay the costs of any parties.

The act provides that where in a suit for infringement of a registered geographical indication⁷⁶

- (i) the validity of the registration of the geographical indication relating to plaintiff is questioned by the defendant
- (ii) where plaintiff questions the validity of the registration of the geographical indication relating to defendant the issue as to the validity of the registration of the geographical indication shall be determined only on an application for the rectification of the register. Such application shall be made to the Appellate Board and not to the Registrar.

⁷⁵Section 35 of the Act.

⁷⁶ Section 58 of the Act.

CASE LAWS:

*Dyer Meaking Breweries v. Scotch Whisky Association*⁷⁷

In this case an application was filed by Dyer Meakins Breweries, the defendant company to register the mark 'highland chief' in respect of a product described as "malted whisky". The trade mark also contained the device of the head and shoulders of a Scottish gentleman wearing feather bonnet and plaid and a tartan edging. Highland is the region in Scotland most famous for Scotch whisky. The Scotch Whisky Association on the other hand contended that the description 'scotch whisky' was not generic but related solely to the geographical origin of the product and meant whisky distilled in Scotland. Further, the words 'Highland Chief' when used in relation to malted whisky would be assumed by purchaser to relate to a product of Scotland since the Highlands of Scotland are an area world famous for the production of whisky. It was also stated that the impression created by the words 'Highland Chief' was further reinforced as the label bore prominently the device of the head and shoulders of a gentleman dressed in Scottish Highland costume wearing feather bonnet and plaid edged with tartan, a well-known symbol of Scottish origin. It was submitted that the mark in question was likely to deceive or cause confusion as to origin and source.

The Delhi High court affirmed the order of the Registrar of trade marks by which he refused to register the applicant's mark proposed to be used on whisky produced in India. Thus Dyer Meakin appealed to the Appellate Bench of the High Court of Delhi. The Appellate bench upheld the order of the single judge and held that:

"it would thus follow inferentially that the words 'Highland Chief' by themselves or because of the presence of pictorial representation of the Highlander on being used as a trade mark in respect of the applicant's whisky, which admittedly is not Scotch Whisky, would be likely to deceive or confuse unwary purchases in thinking that the whisky is Scotch whisky".

⁷⁷ AIR 1980 Del 125.

Thus it was held that the trade mark would, therefore, be a false trade description disentitled to protection under the Act.

Scotch Whisky Association v. Parvara Sahakar Shakar Karkhana Ltd.⁷⁸

In this case the Bombay High Court examined the issue of geographical indications of goods. This was a passing off action initiated by the Scotch Whisky Association along with a producer of Scotch Whisky against the defendants for a declaration that their use of the device of the Scottish Drummer wearing a kilt or the tartan band or the word 'scotch' coupled with the description 'Blended with Scotch' on their Indian whisky sold under the mark 'Drum Beater' and 'Gold Tycoon' would amount to passing off its whisky as Scotch whisky, thereby misleading other traders and customers and damaging the reputation and goodwill of Scotch whisky. Accordingly the said expression when used in respect of whiskies which are not Scotch, even if one of them in Scotch would be improper.

The defendants contended that even if they mixed small or negligible percentage of Scotch whisky as an ingredient along with its Indian whiskies in the blend, the defendant would be justified in describing its products as a 'whisky blended with Scotch'.

The court rejected this argument and pointed that even if it was proved as a fact that the defendant mixed part of Scotch whisky with its Indian whisky, they could not be permitted to market that product as blended scotch whisky merely by using the word 'with' in between as the unwary customer with his average intelligence and imperfect recollection is bound to treat the product as 'Blended Scotch Whisky' that is whisky of which each of the blends is exclusively Scotch.

The High Court also held the defendants were deliberately and intentionally passing off their product as 'Blended Scotch' and restrained them from advertising or offering for sale or selling or distributing as 'Scotch Whisky' whisky which was not scotch whisky bearing the impugned labels and the mark 'Drumbeater' or the words 'Scotch' or the device of a Scottish drummer.

Scotch Whisky Association v. Golden Bottling Ltd⁷⁹

⁷⁸ AIR 1992 Bom. 295.

The plaintiffs filed this suit for a permanent injunction restraining the defendants from dealing in any manner with whisky under the name “Red Scot” or any other name containing the word ‘Scot’ or any other word similar there to so that the defendant cannot pass off its whisky as scotch whisky.

Scotch whisky is worldwide known as a whisky produced in Scotland and is advertised as such. The plaintiff came to know that defendant was manufacturing and selling ‘Red Scot’ whisky. Since the name ‘Red Scot’ gives an impression that it is scotch whisky, the plaintiff sent a legal notice to the defendant on 30th September 2000 advising it not to use the word ‘Scot’ in its whisky. But no reply was sent from the defendant’s side. Later on the plaintiffs came to know that no whisky as to this label was available in the market. But sometime in June 2003 the plaintiffs again came to know that defendants were selling whisky with the label ‘Red Scot’. It is submitted by learned counsel for the plaintiffs that under the WTO-TRIPS Agreement protection is provided for geographical indications in terms of Article 22 thereof. It is submitted that the word “SCOT” or “SCOTCH” is a geographical indication within the meaning of Article 22.1 in as much as it identifies whisky produced in Scotland. The reference was also made to the *Geographical Indications of Goods(Registration and Protection) Act, 1999*. Section 20(1) of the Act prohibits any person from instituting any proceedings to prevent or to recover damages for the infringement of an unregistered geographical indication. However, this does not affect the rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof. Learned counsel for the plaintiffs also drew attention to Section 67 of the Act which empowers a court, to grant either damages or account of profits. Thus under the circumstances of the given case the relief prayed for by the plaintiffs is granted and the defendants are restrained from using the word “Scot” or any other word similar thereto in the whisky manufactured and sold by the defendant. The plaintiffs are entitled to the permanent injunction prayed for and also to damages to extent of Rs. 5,00,000. The plaintiffs will also be entitled to costs of Rs 3,10,000 which they say they have incurred in this litigation.

Case Studies – Some Registered Geographical Indications of India



Application No 1 and 2, Good- Agriculture Tea, State- West Bengal

Applicant- the Tea Board, a statutory authority of the Government of India established under the Tea Act, 1953

GI - DARJEELING (Word) and Logo

Goods - Agriculture goods (Darjeeling Tea)- Class 30

Type of Goods: Tea grown in 87 gardens within the districts of Darjeeling.

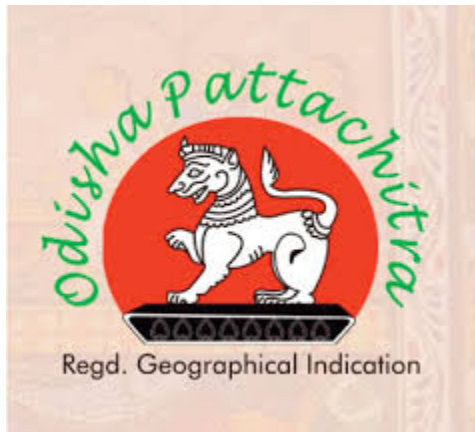
Uniqueness and Specification: The distinctive, exclusive and rear character of the Darjeeling tea is of several factors. Tea produced in the said region has the distinctive and naturally occurring organoleptic characteristics of taste; aroma and mouth feel which have won the patronage and recognition of discerning consumers all over the world. The tea gardens are elevated to 610 to 2134 meter on steep slopes which provide ideal natural drainage for the generous rainfall the district receives.

Description of Goods: The botanical name of the good is camellia sinensis and is hardy, multi-stemmed, slow growing evergreen shrub which, if allowed, can grow up to 2.5meters in height. It takes 4 to 6 years to mature and is known to have an economic life of well over 100 years with

good care. The rare flavor of this tea is a result of combination of plant genes, soil chemistry, elevations, temperature and rainfall unique to the Darjeeling hills.

Application No 88, Good-Agriculture, State- Odisha

Applicant Name- Orissa State Cooperative



Geographical Indication – Orissa Pattachitra (word)

Type of Goods –Handicraft- Class 24 &16 wall hangings made of textile and painting

Uniqueness and Specification: Raw materials for Pattachitra can be divided into two broad headings i.e. raw material for patta and raw material for colors. These raw materials are :

1. Patta: It is a double thickness coarse cotton cloth pasted together. This Patta is usually of GSM 565.71 and thickness of 4.07 mm. The materials required for this are: $\frac{3}{4}$ Cotton cloth $\frac{3}{4}$ Tamarind seeds $\frac{3}{4}$ Chalk powder or khadi.
2. Colors: All the colors used in Pattachitra are vegetable and mineral colors. These are available at Rs-40-50 per kg. The source of each color is:
 - $\frac{3}{4}$ vermilion red – hingula (cinnabar)

- ¾ brick red - geru (red ochre)
- ¾ yellow – hartala (orpiment)
- ¾ white – sankh (conch shell)
- ¾ black – lamp black ¾ gum resin (limonia acidissima)- kaintha plant

Other Raw materials which were used in the product diversification process are as follows:

- ¾ Card board of two types- thin and thick
- ¾ Fevicol
- ¾ Glass
- ¾ Fabric-tussar, cotton.
- ¾ Lamination sheets
- ¾ Fancy yarn
- ¾ Buckram cloth
- ¾ Rivets

Description of Goods : The paintings of patachitra is a living art which has its roots since ancient times. The word Pattachitra is derived from the Sanskrit word “patta”, which means a painted piece of cloth, or a plate; chitra means paintings or picture. The brilliantly colored patachitra works were produced at puri or souveriers for the pilgrims of the Jaganath temple. Themes for these paintings range from incidents in Krishna life and the avatars of Vishnu to the epic tales of Ramayana and Mahabharata. These traditional paintings of Odisha are based on Hindu mythology and specially inspired by Jagannath and Vaishnava sect. All colours used in the paintings are natural and paintings are made fully old traditional way by Chitrakarars that is Oriya painter. Pattachitra style of painting is one of the oldest and most popular art forms of Odisha. Pattachitra is registered under the identity of Odisha Pattachitra. This ensures the high quality that the artisans of Odisha deliver. The geographical indication ensures that the real artists are not overshadowed by fake claims of Pattachitra in the neighbouring regions.



Application No- 532- Mysore Silk

Applicant Name-Karnataka Silk Industries Corporation Limited

Geographical Indication – Mysore Silk (Logo)

Goods-Handicraft, Class 23

Geographical Area -Karnataka

Types of Goods : Class – 23 - Raw Silk Yarn; Class - 24 - Textile and Textiles Goods including Sarees; Class - 25 - Clothing (Readymade Garments, made ups, ties, etc.,)

Specification: Mysore silk is one of the most popular, finest and purest forms of silk. Mysore silk is a famous variety of silk made in Mysore and Bangalore in Karnataka. Known for its extraordinary quality and permanence of luster, it is an integral part of Karnataka's culture. In this region, people always wear some kind of silk while participating in a ritual. Mysore silk draws its fame from the purity of the silk, its luster, softness and richness of its natural colour which gave it precedence over all other silks. The weight and the content of gold or silver thread used mainly in the intricate border and the pallu or the headpiece determine the price of the sarees. A saree usually weighs between 400 and 600 grams (15-21 ounces). The silk is dyed using natural pigments and woven into intricate but, subtle patterns featuring motifs of birds or fruits, leaves etc. The painstaking production process by the weavers ensures that every aspect of the saree is perfect. Mysore silk saree with its extraordinary sheen of the fabric, purity of the zari, the distinctive drape, a wonderful non-crush quality, and a butter-soft feel gives an elegant look to anyone who wears it. These classy sarees are not only washable, but also durable. The zari too rarely fades because the yarn used has the maximum gold and silver compared to any silk saree in the country. The intricate zari work on the borders and pallu set them apart. Mysore silk saree exhibiting a range of rich colors, with golden threads interwoven in it for an enhanced effect, has almost acquired a legendary status due to its sheer beauty and demand.

The silk weaving factory in Mysore, presently owned by KSIC, was established in the year 1912 by the Maharaja of Mysore province. Initially the silk fabrics were manufactured & supplied to meet the requirements of the royal family and ornamental fabrics to their armed forces. The name Mysore silk, is a befitting tribute to its ancestry. KSIC the proud inheritor of this royal legacy, has treasured it for over seven decades, has been producing 100% pure silk with pure gold zari. The business of manufacturing quality silk products of varied designs for end user consumption. The Mysore silk Products are manufactured in our KSIC factory located in Mysore district of Karnataka State. Mysore Silk Saree, body and border are woven together and then colouring is done separately. Also, in the pure silk saree, the zari is made of silver dipped in gold. The enchanting sheen, amazing drape, enamoring feel and the affinity to radiating resplendent are the most distinct characteristics of Mysore silk sarees that last for years. Mysore is rich for its Royal heritage and Grandeur and it is no surprise that the Mysore silk produced there reflect the traditional splendor through its rich yet delicate motifs. Mysore Silk: 100% pure silk sarees in Crepe-de-Chine, Georgette with or without Gold Lace in Borders, Body, Pallu (Cross Border), with or without prints, and plain & printed dress materials. Crepe-de-Chine: 26/28 Denier untwisted Raw Silk Yarn in warp, 26/28 Denier 2 ply twisted yarn in weft, with or without gold lace in borders, body, pallu (cross borders) Georgette: 26/28 Denier 2 ply twisted yam both in warp and weft, with or without lace in borders, body, cross borders and the continuation thereof.

Description of the Goods: The name Mysore silk, is a befitting tribute to its ancestry. KSIC the proud inheritor of this royal legacy, has treasured it for over seven decades, has been producing 100% pure silk with pure gold zari. The business of manufacturing quality silk products of varied designs for end user consumption. The products include finest of designer silk sarees, salwarKameez, shirts, Kurta's, Silk dhoti and Men's Tie.

Mysore silk is one of the most popular, finest and purest forms of silk. Mysore silk is a famous variety of silk made in Mysore region in Karnataka. Known for its extraordinary quality and permanence of luster, it is an integral part of Karnataka's culture. Mysore silk draws its fame from the purity of the silk, its luster, softness and richness of its natural colour which gave it precedence over all other silks. The weight and the content of gold or silver thread used mainly

in the intricate border and the pallu or the headpiece determine the price of the sarees. A saree usually weighs between 400 and 600 grams (15-21 ounces).

The silk is dyed using natural pigments and woven into intricate but, subtle patterns featuring motifs of birds or fruits. The painstaking production process by the weavers ensures that every aspect of the saree is perfect. Mysore silk saree exhibiting a range of rich colors, with golden threads interwoven in it for an enhanced effect, has almost acquired a legendary status due to its sheer beauty and demand. The Mysore silk Products are manufactured in our KSIC factory located in Mysore district of Karnataka State. Mysore is rich for its Royal heritage and Grandeur and it is no surprise that the Mysore silk produced there reflect the traditional splendor through its rich yet delicate motifs.

Uniqueness: Mysore silk is one of the most popular, finest and purest forms of silk. Mysore silk is a famous variety of silk made in Mysore region in Karnataka. Known for its extraordinary quality and permanence of luster, it is an integral part of Karnataka's culture. Mysore silk draws its fame from the purity of the silk, its luster, softness and richness of its natural colour which gave it precedence over all other silks. Mysore silk saree with its extraordinary sheen of the fabric, purity of the zari, the distinctive drape, a wonderful non-crush quality, and a butter-soft feel gives inelegant look to anyone who wearsit.

Mysore Silk Fabrics are mainly grey woven and then piece dyed, with unique twist patterns in the weft preparation resulting in grainy effect and drape. The Mysore Silk Fabrics have a very high weight per linear meter of the finished fabrics.

Websites

<http://www.wipo.geo.bei.o7.com>

<http://www.legalservices.com>

UNIT – V

THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY

The Paris Convention for the Protection of Industrial Property (“Paris Convention” or just “Convention”) is one of the first, and arguably most important, of the various multilateral treaties protecting intellectual property. It addresses patents, marks, unfair competition whether or not implicating marks, and the related industrial property of industrial designs, utility models, geographical indications, trade names, possibly trade secrets within the context of unfair competition, but not copyright. The Convention secures for nationals, those domiciled, and those having a real and effective industrial or commercial establishment within a country party to the Convention, the important procedural advantages of national treatment and priority rights in respect of patents and trademarks. The Convention for the most part neither defines the rights it purports to protect nor guarantees any minimum level of protection for these rights. The scope and quality of the protection member nations are obligated to provide under the Convention are, in most instances, left to domestic legislation and tribunals to develop and define. While the enumerated protections serve primarily industrial interests, the Convention allows party states to retain some protectionist legislation, in the form of limited working requirements and compulsory licenses. The lack of provisions defining minimum substantive rights and mandating enforcement of those rights is thought to be justification for the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPS”), a multilateral treaty that seeks to address these observed shortcomings.

History of the Convention

The impetus of the Paris Convention appears to have been two-fold: to avoid the unwanted loss of eligibility for patent protection through publication of patent applications and participation in international exhibitions in advance of filing national patent applications; and a desire that the diverse patent laws of nations be harmonized to some degree. Prior to the Convention, those wanting protection for inventions in multiple countries needed to file patent applications in all such countries simultaneously, and needed to do so prior to any publication or exhibition of the invention at a trade fair, in order to avoid the unintentional loss of eligibility of patent protection in one or more of the countries. The challenge then facing inventors caused many who had been invited to the Austria-Hungary international exhibition of inventions held in Vienna in 1873 to be unwilling to exhibit their inventions, leading to the enactment of a special Austrian law that secured temporary protection to exhibitors and to the Congress of Vienna for Patent Reform, convened that same year.

The Congress of Vienna led in turn to an International Congress on Industrial Property, convened at Paris in 1878. That congress resolved that an international diplomatic conference tasked with determining the basis of uniform legislation in the field of industrial property should be convened. A draft convention proposing an international “union” for the protection of industrial property was circulated by the French Government together with an invitation to attend the International Conference in Paris in 1880. The 1880 Conference adopted a draft convention containing many of the provisions that underlie the Paris Convention today. That draft convention concluded at a further Diplomatic Conference convened in Paris in 1883.

Those approving and signing the original 1883 version of the Paris Convention were Belgium, Brazil, El Salvador, France, Guatemala, Italy, the Netherlands, Portugal, Serbia, Spain and Switzerland. The Convention became effective July 7, 1884, at which time Great Britain, Tunisia and Ecuador were also adherents. The United States joined soon after in 1887. By the end of the 19th Century, the Convention had only 19 members. It was not until after World War II that the membership in the Paris Convention increased significantly. Today the Convention boasts of 172 members. Taiwan and Kuwait remain outside the Union, while Taiwan commits to recognize priority claims of Union members pursuant to Article 27 of its Patent Act.

The Paris Convention underwent revisions, in Rome in 1886, in Madrid in 1890 and 1891, in Brussels in 1897 and 1900, in Washington in 1911, in The Hague in 1925, in London in 1934, in Lisbon in 1958, and in Stockholm in 1967, and was further amended on September 28, 1979. Many of the revisions are significant, particularly those concerning unfair competition. Most Union members adhere to the latest revision concluded in Stockholm, known as the Stockholm Act.

Concurrent with the 1967 revision at Stockholm was the establishment of the World Intellectual Property Organization (“WIPO”). WIPO assumed responsibility from its predecessor international organization, the United International Bureau for the Protection of Intellectual Property, for administering the Convention. Nations not yet members of the Paris Union that are members of the World Trade Organization (“WTO”) are obliged to comply with the substantive provisions of the Convention from the date of their application to the WTO. Article 2 of the TRIPS Agreement requires WTO members to comply with Articles 1 through 12 and 19 of the Paris Convention.

The Convention’s Substantive Provisions

The provisions of the Convention fall into four broad categories: national treatment; right of priority; common rules for patents, marks and unfair competition; and administrative framework and final clauses. Those eligible for the benefits of the Convention comprise nationals of the member states of the Union, those domiciled in such member states, and those having a “real and effective” industrial or commercial establishment in a member state. A person is considered domiciled in a member country if the person is more or less permanently resident in the country. An entity is considered domiciled in a member country if it has its headquarters there. The nationality of legal entities is determined with reference to national law, or where they are headquartered. A “real and effective” industrial or commercial establishment requires more than a mail drop or the renting of an office without commercial activity, and is determined with reference to national law.

National Treatment

The Convention guarantees national treatment through its Articles 2 and 3. In the terms of the Convention, national treatment requires that each member state grant the same quality and quantity of protection to eligible foreigners as it grants to its own nationals in respect to the intellectual property enumerated in the Convention.

The national treatment undertaking assures foreigners, both individuals and juristic entities, not only that their patents and marks will be protected in the foreign nation, but also that they will not be disadvantaged vis-à-vis nationals in terms of the scope and quality of intellectual property protection that will be accorded them in the foreign nation.

The Convention applies the principle of national treatment in lieu of and to the exclusion of the principle of reciprocity. A nation can neither advantage nor disadvantage a foreigner in terms of the protection it accords the foreigner based upon the protection the foreigner's nation may extend to nationals of the forum state. In other words, nation A cannot grant a national of nation B a shortened patent term simply because the patent term of nation B is short relative to the patent term of nation A.

The concept of national treatment requires an even handed approach, as between nationals and those foreigners eligible for benefits under the Convention, both in terms of the codified laws, and also in terms of the practices of member states tribunals, their national courts as well as their administrative tribunals (the patent and trademark agencies).

An exception to the principle of national treatment is found in Article 2(3), which expressly allows member states to impose conditions relating to judicial or administrative procedure and to jurisdiction, as for example requiring foreigners to designate or appoint an agent for service or to post a bond for litigation, in conjunction with making application for patent or trademark protection.

The principle of national treatment does not assure any minimum level of substantive rights. For example, even though Switzerland was an adherent of the Convention from its inception, Switzerland had no obligation to accord foreign nationals patent rights within Switzerland during that portion of its history (until fairly recently) when Switzerland was without laws protecting patents. Similarly, although service marks are specifically recognized by the Convention, the Convention also provides that member states have no specific obligation to recognize or register

service marks.⁸⁰ Members of the Paris Union need only extend foreigners the quality and quantity of intellectual property protection the member nation extends to its own citizens, and only with respect to those types of intellectual property in regard to which protection is assured under the Convention.

The Right of Priority

The right of priority, sometimes referred to as the “Convention priority right,” “Paris Convention priority right,” or “Union priority right,” is found in Article 4. It provides that an applicant eligible for Convention benefits who files a first regular patent or trademark application in any of the countries of the Union, can then file subsequent applications in other countries of the Union for a defined period of time which subsequent applications will have an effective filing date as of the first filed application.

For (utility) patents and utility models (petty patents), the defined period is one year. For industrial designs (design patents) and trademarks, the defined period is six months. The duration of the priority periods are designed to take into account the conflicting interests of the applicant on the one hand and of third parties on the other. The practical effect of the priority right described in Article 4B is that second and subsequently filed applications filed in a Union country within the priority period are treated as if filed on the date the first application was filed.

The priority right is important, in the context of both patents and trademark applications, in that all applications filed within the priority right period will have priority over any intervening application for the same or closely similar invention or mark that may have been filed in that country by some third party. So, if a national of a Paris Convention nation files a first trademark application in country A, and nine months later files a second application for the same mark in country B, but meanwhile some five months after the first application a second applicant files an application for the same or very similar mark for the same or similar goods in country B, the first

⁸⁰ Convention, Article 6 sexies

applicant will have priority over the second applicant in country B because the application in country B by the first applicant, although second in time in that country, will be treated as if filed at the time of that applicant's first application in country A.

The priority right is additionally important in the context of patent applications because it preserves the novelty of the invention within the countries of the Union notwithstanding any publication, exhibition or other act capable of destroying novelty of the invention during the priority period. So, for example, an applicant eligible for Convention benefits can file a first patent application in country A, and thereafter request early publication from the patent office of that country, describe the invention in an industry journal, exhibit the invention in a trade show, and/or offer to sell or use publicly the invention, all during the one year priority period following the filing of a first application, and still file before the end of that first year period parallel patent applications in countries B, C and D of the Union, without losing eligibility for patent protection in these countries notwithstanding that countries B, C and D are all countries whose patent laws insist on absolute novelty of invention without the benefit of a grace period.

This Convention priority right allows the applicant desiring protection in several countries of the Union the advantage and convenience of not having to file multiple applications simultaneously in all Union countries in which protection is desired without risking that others, particularly imitators in the case of marks, will file on the same or similar invention or mark between the time a first application is filed and a subsequent application is made in a Union country during the priority period, and also without risking loss of novelty due to publication or some other act capable of defeating novelty that may occur in this interim.

The priority right is only applicable with respect to a "first" application for a given invention or mark. The priority period does not begin to run again in the case of a subsequently filed application for patent on an invention that incorporates in part the invention for which a patent application was previously filed, or for a mark that resembles or incorporates in part a mark previously applied for. An applicant is not permitted to elongate the priority period in this manner, but rather is obliged to file all applications for the same or related inventions and marks in the Union member countries within the applicable priority period in order to obtain the benefits of the Convention priority right.

The right of priority may be invoked by a successor in title and the subsequent applications must concern the same invention or mark, but the category of protection applied for need not be identical in each case. As such a subsequent utility model application can claim priority based upon a first patent application, and vice versa, so long as the subject matter of the two applications are the same.

Although rights of priority are limited to the same invention or mark, multiple priorities and partial priorities may be claimed with reference to first filed patent applications, and priorities may even be combined from first applications filed in different member countries.

A first application must be “duly filed”, meaning comprising elements sufficient to obtain a filing date in accordance with the applicable national law. Provisional applications, and applications filed under multinational treaties, including PCT and EU patent applications, can qualify as a “first” application for purposes of the Union priority right.

The fate of the first filed application has no impact on the priority right. Withdrawal, rejection or abandonment of the “first” correctly filed application cannot destroy or alter in any way the right of priority of subsequently filed eligible patent and trademark applications.

Common Rules for Patents

Among the Convention provisions that provide substantive rules protecting patents and patentees are the following:

The Principle of Independence of Patents: Embodied in Article 4bis is the principle that a patent application in one country of the Union is examined and granted or denied independent of applications for patents for the same or related inventions filed in other countries within and without the Union. Also, according to Article 4bis(5), patent terms are measured in accordance with the applicable national law without regard to (not shortened by) a priority claim.

Right of the Inventor to be Mentioned: Article 4ter provides that the “inventor has the right to be named as such in the patent.” **Patentability not Effected by Restrictions on the Product:** Article 4quarter provides that a patent shall not be refused or invalidated because the product patented or obtained by means of a patented process is subject to restrictions on its sale or importation under the domestic law.

Importation of Patented Products or Products Made from Patented Processes: Article 5A(1) provides that importation into a member country of products for which a patent has been granted in that country manufactured in another member country cannot result in forfeiture of patent rights in the country of importation.

Article 5quarter provides that with respect to products imported into a member country manufactured by a process patented in the country of importation, the patentee will have all the rights with respect to the imported product that would normally be accorded the patentee with respect to products manufactured in that country. This latter provision protects the patentee of a process from importation into the country of finished products manufactured by the patented process outside the country of importation, but only where the domestic patent laws of the country of importation extend the patent right to products manufactured by patented processes.

Failure to Work and Compulsory Licenses: Article 5A(2) through (4) allows countries to enact protectionist legislative measures granting compulsory licenses in order to prevent abuses that might result from the exclusive rights conferred by a patent for invention, namely the failure to work or to work sufficiently the patented invention within the member country, but the failure to work an invention cannot result in forfeiture of the patent except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse, and then only pursuant to a proceeding instituted no sooner than two years following the grant of the first compulsory license. Compulsory licenses must be non-exclusive, and cannot be granted before the later of four years from the date of filing of the patent application or three years from the grant of the patent. Compulsory licenses may also be granted in special cases, without alleged abuse on the part of the patent owner, where the patent affects a vital public interest, for example, in the fields of defense or public health. Compare Article 27 of TRIPS prohibiting countries from adopting working requirements for patents.

Grace Period for Maintenance Fees: Article 5bis guarantees those holding patents in member states a grace period of at least six months to pay prescribed maintenance fees, and allows member states to provide for the restoration of patents that have lapsed by reason of non-payment of maintenance fees.

Patents in International Traffic: According to Article 5ter, patented devices on board ships, aircraft or land vehicles of other member countries that enter temporarily or accidentally within

the territory of another member country need not obtain the approval or license from the patent owner by virtue of the temporary or accidental intrusion.

Inventions Shown and Marks Exhibited at International Exhibitions: According to Article 11 of the Convention, member countries are obliged to grant temporary protection, in the form of a right of priority or other assurance against the destruction of novelty, to inventions, models, designs and marks in respect of goods exhibited at “official” or “officially recognized” international exhibitions held in the territory of a member country.

Common Rules Concerning Trademarks

Among the Convention provisions providing substantive rules protecting marks and their proprietors are the following:

Cancellation for Non-Use: Article 5C(1) allows countries to enact protectionist legislation for the cancellation of marks registered but not used within the member country, but only after a reasonable period has elapsed, and then only if the owner fails to justify the non-use. What constitutes a reasonable period is left to domestic law. Compare Article 19(1) of the TRIPS Agreement, which permits cancellation of registrations only after an uninterrupted period of three years of non-use.

Use in a Form Different from the Form Registered: Article 5C(2) protects the use of a mark in a form different from the form in which it has been registered, as long as the distinctive character of the mark is not thereby altered.

Concurrent Use: Article 5C(3) allows for the concurrent use of the same mark by two or more establishments that are co-proprietors, as long as such use does not mislead the public and is not otherwise contrary to public interest.

Grace Period for Renewal Fees: Article 5bis obliges the nations of the Union to grant trademark registrants a grace period of at least six months for the payment of renewal fees.

Independence of Trademarks: As in the case of patents, and flowing from the principle of national treatment, Article 6 of the Convention provides that marks registered in the various countries of the Union shall be regarded as independent of one another, including of the country

of origin; and that the registration of marks may not be refused, nor invalidated, on the ground that the registration or renewal of the same or related mark has not been effected in the country of origin.

Protection of Trademarks Registered in the Country of Origin: Article 6quinquies sets forth an important exception to the principle of the independence of marks embodied in Article 6. According to Article 6quinquies, marks duly registered (not simply applied for) in the country of origin (being a member country in which the registrant has a real and effective industrial or commercial establishment, is domiciled or is a national) must be accepted for filing and protected *telle quelle* (as is) in the other countries of the Union, subject to enumerated reservations that justify a refusal to register, to wit, that the mark would infringe acquired rights of third parties, is devoid of distinctive character, is contrary to morality or public order, or is of a nature to be liable to deceive the public, and also subject to provisions in Article 10bis concerning unfair competition. Once registered pursuant to this provision, the renewal of such marks is not dependent upon renewal of the registration in the country of origin.

Protection for Unregistered Well-Known Marks: Another notable provision concerning marks, found in Article 6bis, protects unregistered marks that qualify as “well-known” in a member nation. Union nations are obliged to refuse to register, or to cancel if already registered, and prohibit the use within their territory, of marks liable to create confusion with another trademark already well-known in that country for identical or similar goods. Because the well-known mark has already acquired goodwill in the subject country, allowing the registration or use of a confusingly similar mark constitutes an act of unfair competition and misleads the public. Whether a mark is well-known is determined by the applicable domestic law, although a trademark need not have been used in the country to be well-known there. For example, the supreme court of South Africa ruled in a 1996 decision⁴ that the mark McDonald’s® was entitled to protection as a “well-known trademark” under Article 6bis of the Paris Convention despite having never been used as such at that time within South Africa. Although the concept of “well-known” marks is similar to the provision found in U.S. trademark law protecting “famous marks” from dilution, the protection for unregistered well-known marks under the Paris Convention is limited to marks used on the same or similar goods, whereas the U.S. anti-dilution law protects against the use of famous mark on unrelated goods and services. Marks that have

been registered for a period of five years or more in Union member countries may not be cancelled under the provisions of Article 6bis notwithstanding that they may conflict with an unregistered well-known mark.

State Emblems, Official Hallmarks and Emblems of International Organizations: Article 6ter oblige member states to refuse to register, and to cancel and prohibit the use within their territory, of marks that comprise enumerated distinctive signs, such as flags, emblems, hallmarks and the like, of the member countries and certain international organizations.

Assignment of Trademarks: Article 6quarter provides that in the case of member countries whose laws require for a valid assignment the concurrent transfer of the business or goodwill to which the mark belongs, it is sufficient that the business or goodwill located within the member country be transferred, but the member country is not obliged to recognize an assignment of a nature as to mislead the public.

Service Marks: Article 6sexies was introduced into the Convention in 1958 to deal with service marks, allowing but not requiring member countries to undertake to protect service marks. Compare Article 15 of the Trademark Law Treaty of 1994 (“TLT”) that requires contracting parties register service marks and apply to such marks the protective provisions of the Paris Convention concerning trademarks.

Collective Marks: Article 7bis obliges member nations to accept for filing and protect collective marks belonging to “associations” as long as the existence of the association is not contrary to the laws of the country of origin, and even if the association is not constituted or recognized in the member country in which protection for the collective mark is sought.

Industrial Designs: Article 5quinquies provides only that “industrial designs shall be protected in all countries of the Union.” Because the Convention fails to set out what form such protection might take, member countries may choose to satisfy this obligation through industrial design specific legislation, copyright laws, or laws protecting against unfair competition.

Trade Names: Article 8 obligates members of the Union to protect trade names without the obligation of filing or registration, irrespective of whether the trade name forms a part of a trademark. No further details are offered. While member countries cannot condition trade name protection on filing or registration, they may satisfy their undertaking to protect trade names

either through trade name specific legislation, or more generally, through unfair competition laws.

Appellations of Origin and Indications of Source: The protection of geographical indications, including appellations of origin and indications of source, are among the objects enumerated in the Paris Convention, Article 1(2). Article 10 protects against any direct or indirect use of a false indication of source or identity of the producer, manufacturer or merchant, and Article 10bis, discussed below, protects also against any act of unfair competition through the use of an indication. Remedies, if available under domestic law, include those referenced in Article 9 concerning the seizing of goods bearing false indications and the prohibition on the importation of such goods. Article 10(2) empowers interested natural persons and legal entities to prosecute actions within the affected nation, while Article 10ter requires member countries to allow interested federations and trade associations to take actions with a view to the repression of such acts.

Common Rules Concerning Unfair Competition

Many of the common rules concerning trademarks and other indications of origin, discussed above, are relevant also to the Convention's stated objective of repressing unfair competition. The Convention provisions specific to unfair competition generically are discussed below.

Unfair Competition: Article 10ter of the Convention obligates members of the Union "to undertake to assure to nationals of the other countries of the Union appropriate legal remedies effectively to repress all the acts [of unfair competition] referred to in Articles 9, 10, and 10bis." The provision fails to explain what might constitute "appropriate legal measures" and leaves the details and standard for these measures to each country to decide. Article 9 refers to goods unlawfully bearing a trademark or trade name. Article 10 refers to goods, discussed above, bearing a false appellation of origin or indication of source. Article 10bis of the Convention offers a more generic concept of unfair competition. It is the Article 10bis generic concept of unfair competition that, modernly, has generated the most interest and debate of all the provisions of the Paris Convention.

Unfair Competition Under Article 10bis: Article 10bis, like Article 10ter, obligates "countries of the Union to assure nationals of such countries effective protection against unfair competition."

Article 10bis offers in the manner of a minimum standard the definition that unfair competition constitutes “any act of competition contrary to the honest practices in industrial or commercial matters.” The article goes on to give the following three examples of acts that constitute unfair competition: (1) “all acts that create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor,” reflecting traditional concepts trademark infringement and passing off; (2) “false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor,” as for example, trade liable and false advertising; and (3) “indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quality, of the goods,” a provision directed at protecting consumer interests rather than competitor interests. These three examples are not limitative, but rather illustrative.

Commentators have argued that the “contrary to honest practices” standard found in Article 10bis embodies a concept of unfair competition that is broader than the concept of unfair competition found in the laws of many countries, including in U.S. and U.K. Commentators have also taken the position that provisions of the Paris Convention, including this one, are self-executing, meaning that countries acceding to the Convention incorporate the broader concept of unfair competition into their laws merely by virtue of having ratified the treaty, irrespective of whether special legislation is adopted that mirror the treaty provisions. U.S. courts appear split on the issue of whether the unfair competition standard of the Paris Convention is incorporated into its domestic laws through Article 44 of the Lanham Act, or that the Paris Convention and Article 44 simply grant reciprocal rights. Courts thus far generally appear reluctant to agree that Article 10bis injects into the domestic laws of the members of the Union a prohibition on unfair competition that is more expansive than the prohibition spelled out in their respective domestic legislation or common law. So, for example, when a U.S. court was asked recently to find that acts of misappropriation of trade secrets constituted an “act contrary to the honest practices in industrial or commercial matters” incorporated by virtue of the Paris Convention into U.S. unfair competition law, the court agreed that the provisions of the Paris Convention were incorporated into U.S. law through its Lanham Act, but disagreed that Article 10bis of the Paris Convention expanded the U.S. law on unfair competition to include the act of misappropriating

trade secrets. 6 It seems likely that this issue, of whether and to what extent Article 10bis expands domestic laws concerning unfair competition, will continue to develop.

General and Administrative Provisions

Article 12 of the Convention obligates member states to establish a central industrial property service, either itself or through a regional organization, responsible for communicating with the public on matters of patents, trademarks and the like, which service must also publish an official periodical journal. Article 19 of the Convention specifically permits member countries to conclude separate agreements among themselves for the protection of industrial property as long as these separate agreements do not include provisions that contravene those of the Paris Convention. Article 28 provides that disputes not otherwise settled may be brought before the International Court of Justice, but parties adhering to the Convention may, at the time of accession, opt out of this provision. Other administrative provisions provide for the governmental organs of the Union, comprising an Assembly composed of representatives from each member nation that meets every two years and formulates long term policy and direction; an Executive Committee composed of one fourth of the membership of the Union, that meets once yearly; and the International Bureau, headed by the Director General of WIPO, that handles the day to day administrative tasks of the Union.

THE MADRID SYSTEM FOR INTERNATIONAL REGISTRATION OF MARKS

The Madrid System is a convenient and cost-effective solution for registering and managing trademarks worldwide. File a single application and pay one set of fees to apply for protection in up to 123 countries. The Madrid System for the International Registration of Marks is governed by two treaties:

1. the **Madrid Agreement**, concluded in 1891 and amended in 1979, and
2. the **Madrid Protocol** relating to that Agreement, concluded in 1989, which aims to make the Madrid system more flexible and more compatible with the domestic legislation of certain countries or intergovernmental organizations that had not been able to accede to the Agreement.

States and organizations party to the Madrid system are collectively referred to as Contracting Parties. The system makes it possible to protect a mark in a large number of countries by obtaining an international registration that has effect in each of the designated Contracting Parties.

Despite its name, the Protocol is a separate treaty and not a “protocol” to the Agreement. Together, the Agreement and the Protocol are known as the Madrid System for the International Registration of Marks (the Madrid System). Together, they constitute the Madrid Union, which is a Special Union under Article 19 of the Paris Convention. The Madrid System is a centrally administered system (by the International Bureau of the World Intellectual Property Organization, WIPO) for obtaining a bundle of trademark registrations in separate jurisdictions, creating in effect a basis for an "international registration" of marks.

Who May Use the System ?

An application for international registration (international application) may be filed only by a natural person or legal entity having a connection – through establishment, domicile or nationality – with a Contracting Party to the Agreement or the Protocol. A mark may be the subject of an international application only if it has already been registered with the trademark office of the Contracting Party with which the applicant has the necessary connections (office of origin). However, where all the designations are effected under the Protocol, the international application may be based simply on an application for registration filed with the office of origin. An international application must be presented to the International Bureau of WIPO through the intermediary of the office of origin.

The Madrid Agreement

The Agreement was established in 1891 for the purpose of providing a mechanism that would allow for a single and in expensive international trademark registration and to eliminate the need for filing, prosecuting or maintaining separate registrations in multiple countries. Registration of a mark under the Agreement provides for the legal equivalent of registration in member countries designated by the mark owner. If the trademark office of the designated country does not communicate a refusal of registration to WIPO within 12 months (extended to 18 months under the Protocol) the mark will have the same protection as registered national marks in that

country. The Agreement also provides for a simplified renewal system since registration to renew and chances to the original registration affecting all the countries included in the registration can be made through a single filing with WIPO.

Despite the advantages of registration through the Agreement the U.S. and several other major countries (e.g. Australia, Denmark, Finland, Greece, Iceland, Ireland, Japan, Netherlands, Republic of Korea, Sweden, the United Kingdom never joined the Agreement because of perceived defects in its structure. These perceived defects included issues such as the requirement for registration in the home country before protection of the mark could be awarded, unlimited risk of “central attack” to the mark, a short examination period, fees that are lower than the corresponding fees in the home country’s trademark offices, and limitations on assignability.

The Madrid Protocol

The Protocol was adopted in 1989 to correct the perceived deficiencies in the Agreement. However, the Protocol maintains the initial intention of the Agreement, to create a system of simple and inexpensive international trademark registration. The Madrid Union currently has 107 members, covering 123 countries. These members represent more than 80% of world trade, with potential for expansion as membership grows.

Overlapping Membership

Any party State to the Paris Convention for the Protection of Industrial Property may become a party to the Agreement or the Protocol or both. In addition, an intergovernmental organization may become a party to the Protocol (but not the Agreement) where these conditions are met: at least one of the Member States of the organization is a party to the Paris Convention and the organization maintains a regional office for the purposes of registering marks with effect in the territory of the organization. The number of countries to which international registration may be extended corresponds to the national origin of the basic application or registration and may include the signatories of the Agreement, the Protocol, or both.

Since the U.S. is not a signatory to the Agreement, an international registration based on application for U.S. trademark registration would be limited to protection in those countries which are members of the Protocol. However, multinational companies who register their marks under either the Agreement or the Protocol need to be aware of the open and closed sets of member

parties created by overlapping membership. To ease the possible confusion created by overlapping membership, WIPO provides form MM2(E) for international application for the Protocol and form MM3(E) for those applications covered by both the Agreement and the Protocol.

The International Application

An application for international registration must designate one or more Contracting Parties in which protection is sought. Further designations can be effected subsequently. A Contracting Party may be designated only if it is party to the same treaty as the Contracting Party whose office is the office of origin. The designation of a given Contracting Party is made either under the Agreement or the Protocol, depending on which treaty is common to the Contracting Parties concerned. If both Contracting Parties are party to the Agreement and the Protocol, the designation will be governed by the Protocol. International applications can be filed in English, French or Spanish, irrespective of which treaty or treaties govern the application, unless the office of origin restricts that choice to one or two of these languages.

Payment of Fees

The filing of an international application is subject to the payment of a basic fee, a supplementary fee for each class of goods and/or services beyond the first three classes, and a complementary fee for each Contracting Party designated. However, a Contracting Party to the Protocol may declare that, when it is designated under the Protocol, the complementary fee is replaced by an individual fee, whose amount is determined by the Contracting Party concerned but may not be higher than the amount that would be payable for the registration of a mark, at the national level, with its office.

International Registration

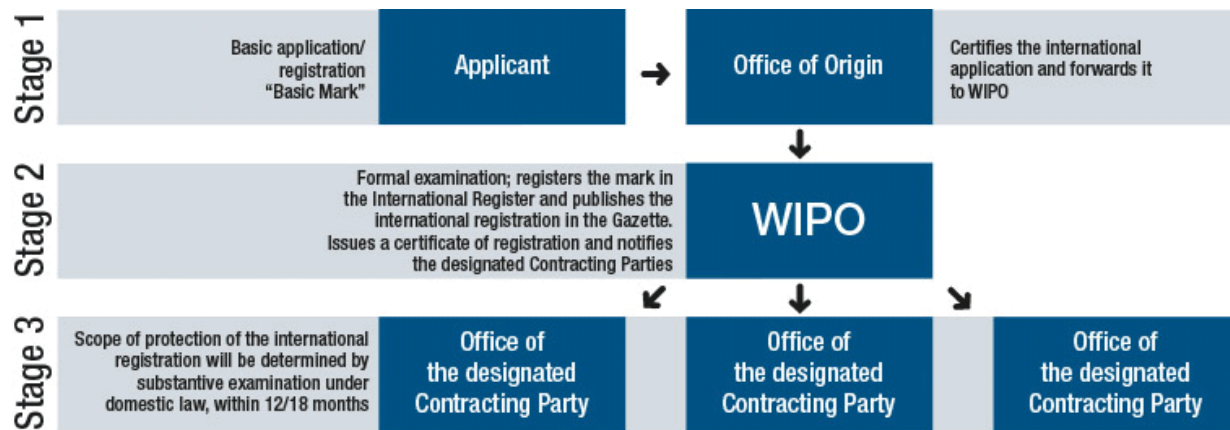
Once the International Bureau receives an international application, it carries out an examination for compliance with the requirements of the Protocol and its Regulations. This examination is restricted to formalities, including the classification and comprehensibility of the list of goods and/or services. If there are no irregularities in the application, the International Bureau records the mark in the International Register, publishes the international registration in the *WIPO Gazette of International Marks* and notifies it to each designated Contracting Party. Any matter

of substance, such as whether the mark qualifies for protection or whether it is in conflict with a mark registered previously in a particular Contracting Party, is determined by that Contracting Party's trademark office under the applicable domestic legislation. The Gazette is available in electronic form (e-Gazette) on the Madrid system website.

Statement of Grant of Protection or Refusal of Protection

The office of each designated Contracting Party shall issue a statement of grant of protection. However, when designated Contracting Parties examine the international registration for compliance with their domestic legislation, and if some substantive provisions are not complied with, they have the right to refuse protection in their territory. Any such refusal, including an indication of the grounds on which it is based, must be communicated to the International Bureau, normally within 12 months from the date of notification. However, a Contracting Party to the Protocol may declare that, when it is designated **under the Protocol**, this time limit is extended to 18 months. That Contracting Party may also declare that a refusal based on an opposition may be communicated to the International Bureau even after the 18-month time limit.

The refusal is communicated to the holder of the registration or the holder's representative before the International Bureau, recorded in the International Register and published in the Gazette. The procedure subsequent to a refusal (such as an appeal or a review) is carried out directly by the competent administration and/or court of the Contracting Party concerned and the holder, without the involvement of the International Bureau. The final decision concerning the refusal must, however, be communicated to the International Bureau, which records and publishes it.



Effects of an International Registration

The effects of an international registration in each designated Contracting Party are, from the date of the international registration, the same as if the mark had been deposited directly with the office of that Contracting Party. If no refusal is issued within the applicable time limit, or if a refusal originally notified by a Contracting Party is subsequently withdrawn, the protection of the mark is, from the date of the international registration, the same as if it had been registered by the office of that Contracting Party. An international registration is effective for 10 years. It may be renewed for further periods of 10 years on payment of the prescribed fees. An international registration may be transferred in relation to all or some of the designated Contracting Parties and all or some of the goods or services indicated.

Advantages of the Madrid System

The Madrid system offers several advantages for trademark owners. Instead of filing a separate national application in each country of interest, in several different languages, in accordance with different national or regional procedural rules and regulations and paying several different (and often higher) fees, an international registration may be obtained by simply filing one application with the International Bureau (through the office of the home country), in one language (English, French or Spanish) and paying one set of fees. Similar advantages exist for maintaining and renewing a registration. Likewise, if the international registration is assigned to a third party, or is otherwise changed, such as a change in name and/or address, this may be recorded with effect for all designated Contracting Parties by means of a single procedural step.

The Madrid Agreement and Protocol are open to any State party to the Paris Convention for the Protection of Industrial Property (1883). The two treaties are parallel and independent, and States may adhere to either or both of them. In addition, an intergovernmental organization that maintains its own office for the registration of marks may become party to the Protocol. Instruments of ratification or accession must be deposited with the Director General of WIPO.

THE PATENT COOPERATION TREATY

The Patent Cooperation Treaty is a special agreement under the Paris Convention. It is mandatory for a state to become a member of the Paris Convention, before it becomes a member of the PCT. The PCT was adopted to simplify and make the procedure more economical to

obtain patents for inventions. The PCT has made it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an international patent application. Anyone who is a national or a resident of a Contracting State may file an application with the National Patent Office or with the International Bureau of WIPO in Geneva. The PCT regulates the formal requirements with which any international application must comply.

The applicant may designate those Contracting States in which he wishes his international application to have effect. The effect of the international application in each designated state is the same as if a national patent application had been filed with the national patent office of that State.

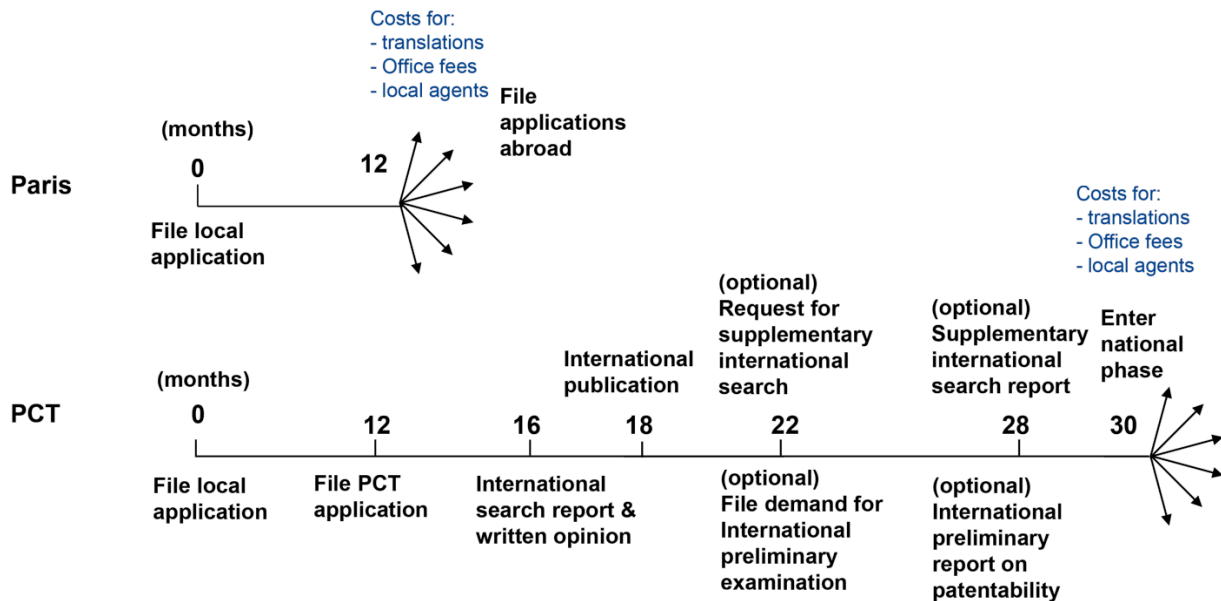
International Search

The international application is subjected to an international search. That search is carried out by one of the major patent offices and results in an international search report, that is, a listing of the citations of published documents that might affect the patentability of the invention claimed in the international application. The international search report is communicated to the applicant who may decide to withdraw his application, in particular where the content of the report suggests that the granting of patent is unlikely, or to amend the claims in the application.

If the applicant decides to continue with the international application with a view to obtaining national (or regional) patents, he can wait until the end of the 20th month from the priority date to commence the national procedure before each designated office by furnishing a translation (where necessary) of the application into the official language of that office and paying to it the necessary fees. The periods of 20 month may be extended by a further period of 10 months where the applicant asks for an “international preliminary report. The report is prepared by one of the major patent offices and gives a preliminary and non-binding opinion on the patentability of the claimed invention.

The applicant is entitled to amend the international application during the international preliminary examination. Once the international application has been searched and published, it is sent to the offices of the designated states, together with the international search report. If international preliminary examination has been carried out, these offices also receive the

international preliminary examination report. The offices then proceed either to grant or to refuse a patent in respect of the application.



CONVENTION ESTABLISHING THE WORLD INTELLECTUAL PROPERTY ORGANISATION

The Convention Establishing the World Intellectual Property Organization, commonly known as WIPO Convention was signed a Stockholm in 1967 and entered into force in 1970. WIPO is an intergovernmental organization that became in 1974 one of the specialized agencies of the United Nations system of organizations. The origins of WIPO go back to 1883 and 1886 when the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works, respectively, were concluded.

Both Conventions provided for the establishment of an "International Bureau". The two bureaus were united in 1893 and, in 1970, were replaced by the World Intellectual Property Organization, by virtue of the WIPO Convention.

Membership

Membership in WIPO is open to any State that is a member of any of the Unions and to any other State satisfying one of the following conditions:

1. it is a member of the United Nations, any of the specialized agencies brought into relationship with the United Nations, or the International Atomic Energy Agency;
2. it is a party to the Statute of the International Court of Justice; or
3. it has been invited by the General Assembly of WIPO to become a party to the Convention.

There are no obligations arising from membership of WIPO concerning other treaties administered by WIPO. Accession to WIPO is effected by means of the deposit with the Director General of WIPO of an instrument of accession to the WIPO Convention.

Objectives of the WIPO

1. To promote the protection of intellectual property throughout the world through cooperation among States and where appropriate, in collaboration with any other international organisation
2. To ensure administrative cooperation among the intellectual property Unions established by the treaties that WIPO administers, such as the Paris Union, Bern Union, etc.

Functions of the WIPO

In addition to performing the administrative tasks of the Union, WIPO undertakes a number of activities, including-

1. Normative activities, involving the setting of norms and standards for the protection and enforcement of international treaties.
2. Program activities, involving legal technical assistance to states in the field of intellectual property.
3. International classification and standardization activities, involving cooperation among industrial property offices concerning patents, trademarks and industrial design documentation.
4. Registration activities involving services related to international applications for patents for inventions and the registration of international marks and industrial designs.

Organs of the WIPO

WIPO General Assembly

The WIPO General Assembly is composed of the Member states of WIPO which are also members of any of the Unions. Its main functions are, inter alia,

- the appointment of the Director General upon nomination by the Coordination Committee,
- review and approval of the reports of the Director General and the reports and activities of the Coordination Committee,
- adoption of the biennial budget common to the Unions, and
- adoption of the financial regulations of the Organization

WIPO Conference Committee

The WIPO Conference Committee is composed of parties to the WIPO Convention. It meets once every two years in ordinary session. It is, inter alia, the competent body for adopting amendments to the Convention, for all matters relating to legal-technical assistance and establishes the biennial program of such assistance. It is also competent to discuss matters of general interest in the fields of intellectual property and it may adopt recommendations relating to such matters.

WIPO Coordination Committee

The WIPO Coordination Committee is composed of members elected from among the members of the Executive Committee of the Paris Union and the Executive Committee of the Berne Convention. It meets every year in ordinary session. Its main functions are-

- To give advice to the organs of the Union, the General Assembly, the Conference, and the Director General, on all administrative and financial matters of interest to these bodies.
- To prepare the draft agenda of the General Assembly and draft program and budget of the Conference.