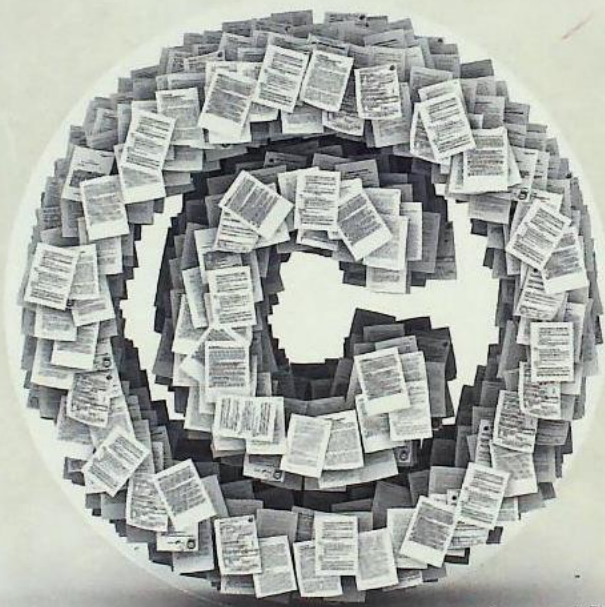


Principles of INTELLECTUAL PROPERTY

N.S. GOPALAKRISHNAN & T. G. AGITHA



Second Edition



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there by utilising the defendant's floppies. Floppies were seized and have been brought to the court. On comparison of the data made available by the plaintiff with the data available on the floppies seized from the custody of the defendant, it is found that a substantial number of entries are comparable word by word, line by line and even space by space. In some of the entries the locations of commas and full stop (punctuation marks) are comparable. In a good number of entries spelling mistakes occurring in the plaintiff's data is to be found in the data compilation of the defendant as well. These provide an intrinsic irrefutable circumstantial evidence of defendant having indulged into slavish imitation of the plaintiff's compilation, making out a clear case of infringement of copyright. The database available with the defendant is substantially a copy of the database available with the plaintiff and compiled by him. The striking similarities noticed in the two databases could not have existed but for the fact of the defendant having made use of the plaintiff's database. A strong *prima facie* case of infringement by the defendant of the plaintiff's copyright has been made out to the satisfaction of the court.

If the defendant is permitted to make use of the plaintiff's database, it is sure to cause an injury to the plaintiff which would be incapable of being estimated in terms of money. The balance of convenience is also in favour of the plaintiff.

For the foregoing reasons the application filed by the plaintiff is allowed. The defendant shall remain restrained during pendency of the suit from carrying on any business including mail order business by utilising the list of clientele/customers included in the database exclusively owned by the plaintiff.

POINTS FOR DISCUSSION

1. Examine this decision in view of the following statement in the *Feist decision*, (1991) 499 US 340:

The question that remains is whether Rural selected, coordinated, or arranged these uncopyrightable facts in an original way. As mentioned, originality is not a stringent standard; it does not require that facts be presented in an innovative or surprising way. It is equally true, however, that the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist ...

As this Court has explained, the Constitution mandates some minimal degree of creativity, and an author who claims infringement must prove 'the existence of ... intellectual production, of thought, and conception'.

2. Which, according to you, is the correct interpretation of originality?
2. What is your response to the view that "a compilation of addresses developed by anyone by devoting time, money, labour and skill though the sources may be commonly situated, amounts to a 'literary work' wherein the author has a copyright?"

3. What is protected under copyright law in such situations and what are its implications?

Originality in case reports

Case reports are another form of compilations, which again need to answer the test of "originality" when a copyright protection is sought for them. Another interesting aspect with respect to case report is that of the "copyright" subsisting in the judgment. In the US, for example, neither statutes nor judicial opinions are subject to copyright, whereas in most English based systems, the right to reproduce the opinion of the Judges as well as the right to reproduce statutes belong to the Crown.²⁹ However, even in the UK, the Crown rights operate as if it were a free access system such as that which operates in the US.³⁰ The situation in India is entirely different. The Copyright Act, 1957 treats a work which is made or published by or under the direction or control of any court, tribunal or other judicial authority in India as government work protected by copyright. However, Section 52(1)(g)(iv) states that the reproduction or publication of any judgment or order of a court, tribunal or other judicial authority shall not constitute an infringement of copyright, unless the reproduction or publication of such judgment or order is prohibited by the court, tribunal or other judicial authority, as the case may be. Having in view all these, one needs to agree with the conclusion that dissemination of accurate records of judicial proceedings should be the priority in a legal system which works on the doctrine of *stare decisis*.³¹ It is in this context the decisions of the Supreme Court on the copyright protection on case report is to be examined. The court in this case considered the question if changes made into judgments of courts by way of adding punctuation marks, making necessary corrections, inserting paragraph numbers (otherwise known as copy-editing), giving cross references, footnotes, and headnotes entitle the publishers of such case reports to have copyright over them.

EASTERN BOOK COMPANY v. D.B. MODAK

(2008) 1 SCC 1: AIR 2008 SC 809

(JUSTICE B.N. AGRAWAL AND JUSTICE P.P. NAOLEKAR)

JUSTICE P.P. NAOLEKAR

These appeals by special leave have been preferred against the common judgment of a Division Bench of the High Court of Delhi involving

29. Paul Von Nessen, "Law Reporting: Another Case for Deregulation" (July 1985) 48 Mod L Rev 412.

30. *Ibid*, 422.

31. *Ibid*, 427.

the analogous question and are, therefore, decided together by this judgment. Appellant 1—Eastern Book Company is a registered partnership firm carrying on the business of publishing law books. Appellant 2—EBC Publishing Pvt. Ltd. is a company incorporated and existing under the Companies Act, 1956. The said appellants are involved in the printing and publishing of various books relating to the field of law. One of the well-known publications of Appellant 1—Eastern Book Company is the law report “Supreme Court Cases” (hereinafter called “SCC”). The appellant publishes all reportable judgments along with non-reportable judgments of the Supreme Court of India. Yet another category included in SCC is short judgments, orders, practice directions and record of proceedings. The law report SCC was commenced in the year 1969 and has been in continuous publication ever since. The name “Supreme Court Cases” has been coined by the appellants and they have been using the same continuously, exclusively and extensively in relation to the law reports published by them. For the purpose of publishing the judgments, orders and proceedings of the Supreme Court, the copies of judgments, orders and proceedings are procured from the office of the Registrar of the Supreme Court of India. After the initial procurement of the judgments, orders and proceedings for publication, the appellants make copy-editing wherein the judgments, orders and record of proceedings procured, which is the raw source, are copy-edited by a team of assistant staff and various inputs are put in the judgments and orders to make them user-friendly by making an addition of cross-references, standardisation or formatting of the text, paragraph numbering, verification and by putting other inputs. The appellants also prepare the headnotes comprising of two portions, the short note consisting of catch/lead words written in bold; and the long note, which is comprised of a brief discussion of the facts and the relevant extracts from the judgments and orders of the Court. Headnotes are prepared by Appellant No. 3—Surendra Malik. As per the said appellant (Plaintiff 3 in the suits filed in the Delhi High Court), the preparation of the headnotes and putting the various inputs in the raw text of the judgments and orders received from the Supreme Court Registry require considerable amount of skill, labour and expertise and for the said work a substantial amount of capital expenditure on the infrastructure, such as office, equipment, computers and for maintaining extensive library, besides recurring expenditure on both the management of human resources and infrastructural maintenance, is made by the plaintiff-appellants. As per the appellants, SCC is a law report which carries case reports comprising of the appellants’ version or presentation of those judgments and orders of the Supreme Court after putting various inputs in the raw text and it constitutes an “original literary work” of the appellants in which copyright subsists under Section 13 of the Copyright Act, 1957 (hereinafter referred to

as “the Act”) and thus the appellants alone have the exclusive right to make printed as well as electronic copies of the same under Section 14 of the Act. Any scanning or copying or reproduction done of or from the reports or pages or paragraphs or portions of any volume of SCC by any other person, is an infringement of the copyright in SCC within the meaning of Section 51 of the Act.

The Defendant-Respondent 2 Spectrum Business Support Ltd. (in Civil Appeal No. 6472/2004) has brought out a software called “Grand Jurix” published on CD-ROMs and the Defendant-Respondent 2 Regent Data Tech Pvt. Ltd. (in Civil Appeal No. 6905/2004) has brought out a software package called “The Laws” published on CD-ROMs. As per the appellants, all the modules in the defendant-respondents’ software packages have been lifted verbatim from the appellants’ work; the respondents have copied the appellants’ sequencing, selection and arrangement of the cases coupled with the entire text of copy-edited judgments as published in the plaintiff-appellants’ law report SCC, along with and including the style and formatting, the copy-editing, paragraph numbers, footnote numbers, cross-references, etc.; and such acts of the defendant-respondents constitute infringement of the plaintiff-appellants’ exclusive right to the same.

The plaintiff-appellants herein moved the Court for temporary injunction by filing applications in Suit No. 758/2000 against Spectrum Business Support Ltd. and in Suit No. 624/2000 against Regent Data Tech Pvt. Ltd. before a learned Single Judge of the High Court of Delhi. The interim orders of injunction were passed in the suits from time to time. However, the defendant-respondents filed application for vacation of the stay order. By a common judgment dated 17-1-2001, the Single Judge of the High Court dismissed the appellants’ applications for interim injunction and allowed the respondents’ application for vacation of stay. However, before the Single Judge, the respondents conceded that the appellants have copyright in the headnotes and as such they undertook not to copy these headnotes in their CD-ROMs.

Aggrieved by the said order dated 17-1-2001 refusing to grant interim injunction, the appellants preferred appeals before a Division Bench of the Delhi High Court and the applications praying for interim relief were also filed in both the appeals. The applications praying for the interim relief were disposed of by the Division Bench on 9-3-2001 directing that during the pendency of the appeals the respondents will be entitled to sell their CD-ROMs with the text of the judgment of the Supreme Court along with their own headnotes which should not in any way be a copy of the headnotes and the text of the plaintiff-appellants.

The Division Bench of the Delhi High Court heard the matters finally and has held that the appellants are not right in submitting that although the respondents have a right to publish the raw judgments they could

do so only after obtaining the same from the original source, *i.e.* after obtaining certified copy of the judgment. The Division Bench did not agree with the submission of the appellants that by making certain corrections in the judgments or putting paragraph numbers or arranging the said judgments in a particular manner while printing, the appellants can claim that the copy-edited judgments become their "original literary work". If the right of a person like the appellants who are merely reporting the judgments of the courts is stretched to this extent, then after a judgment is reported by a particular journal, others would be barred from doing the same and the very purpose of making these judgments in public domain, therefore, would be frustrated. The Court has further held that the appellants are not the author of the Supreme Court judgments and by merely making certain corrections therein or giving paragraph numbers, the character of a judgment does not change and it does not become materially different from the original judgment. Once a person has a right to obtain certified copy of the judgment from the Registry of the Court and to publish it, it cannot be said that he has no right to take text of the judgment from the journal where it is already reported. The act of reproduction of any judgment or order of the court, tribunal or any other judicial authority under Section 52(1)(q)(iv) of the Act, is not an infringement of the copyright. Any person can, therefore, publish judgments of the courts. The appellants may have happened to have first published the judgments, but the same will not mean that they can have a copyright therein. It is the considered opinion of the Division Bench that no person can claim copyright in the text of the judgment by merely putting certain inputs to make it user-friendly. The appellants cannot claim copyright in the judgment of the Court. But it has been held by the Court that reading the judgment and searching the important portions thereof and collecting sentences from various places for the purposes of making headnotes would involve labour and skill; and that there is originality and creativity in preparation of the headnotes, but not when they are verbatim extracts from the judgment and, therefore, there would be copyright in the headnotes to the judgments prepared by the appellants. So far as footnotes and editorial notes are concerned, it cannot be denied that these are the publisher's own creations and based on publisher's own research and thus will have a copyright of the appellants. The Division Bench modified the judgment of the Single Judge by directing the respondents that they shall be entitled to sell their CD-ROMs with the text of the judgments of the Supreme Court along with their own headnotes, editorial notes, if any, which should not in any way be copy of the headnotes of the appellants. The respondents shall also not copy the footnotes and editorial notes appearing in the journal of the appellants. Thus, the Court has not accepted the case of the appellants that they have a copyright in the copy-edited judgments of the Supreme

Court. Aggrieved by the decision of the Division Bench of Delhi High Court, the appellants have filed these appeals by special leave.

The appellants have claimed that the copyright subsists in SCC as a law report as a whole based cumulatively and compendiously on all the substantial contributions of skill, labour and capital in the creation of various parts of SCC, *i.e.* headnotes, editorial notes, footnotes, the version of the copy-edited text of judgments as published in the appellants' law report SCC, the selection of cases as published in SCC, the sequence and arrangement of cases as published in SCC and the index, table of cases, etc. which are published in each volume of SCC, that give the SCC volumes and thereby the complete SCC set, its character as a work as a whole. The appellants claim that the copyright subsists in the copy-edited version. The appellants do not claim copyright in the raw text of the judgments, certified copies of which are obtained from the Registry. The appellants do not claim a monopoly in publishing judgments of the Supreme Court as they are being published by other publishers also without copying from each other publication. The appellants claim that their copyright is in the copy-edited version of the text of judgments as published in SCC which is a creation of the appellants' skill, labour and capital and there are contributions/inputs/additions of the appellants in creating their version of the text of judgments as published in SCC. The appellants placed before us the following contributions, inputs and additions made by them to the text in the certified copies of the judgments received by them from the Registry. The appellants assert that originality inheres in the following aspects of its editorial process which are selected, coordinated and arranged in such a way that the resulting work as a whole constitutes an original work of the appellants. [**** extracted in detail the elements of the reported judgment and continued.]

The copyright protection finds its justification in fair play. When a person produces something with his skill and labour, it normally belongs to him and the other person would not be permitted to make a profit out of the skill and labour of the original author and it is for this reason the Copyright Act, 1957 gives to the authors certain exclusive rights in relation to the certain work referred in the Act. The object of the Act is to protect the author of the copyright work from an unlawful reproduction or exploitation of his work by others. Copyright is a right to stop others from exploiting the work without the consent or assent of the owner of the copyright. A copyright law presents a balance between the interests and rights of the author and that of the public in protecting the public domain, or to claim the copyright and protect it under the copyright statute. One of the key requirements is that of originality which contributes, and has a direct nexus, in maintaining the interests of the author as well as that of public in protecting the matters in public domain. It is a

well-accepted principle of copyright law that there is no copyright in the facts *per se*, as the facts are not created nor have they originated with the author of any work which embodies these facts. The issue of copyright is closely connected to that of commercial viability, and commercial consequences and implications.

[***** discussed the development of copyright law in India and continued.]

In the present case, the questions which require determination by the Court are: (1) What shall be the standard of originality in the copy-edited judgments of the Supreme Court which is a derivative work and what would be required in a derivative work to treat it the original work of an author and thereby giving a protected right under the Copyright Act, 1957 to the author of the derivative work? and (2) Whether the entire version of the copy-edited text of the judgments published in the appellants' law report SCC would be entitled for a copyright as an original literary work, the copy-edited judgments having been claimed as a result of inextricable and inseparable admixture of the copy-editing inputs and the raw text, taken together, as a result of insertion of all SCC copy-editing inputs into the raw text, or whether the appellants would be entitled to the copyright in some of the inputs which have been put in the raw text?

Copyright is purely a creation of the statute under the 1957 Act. What rights the author has in his work by virtue of his creation, are defined in Sections 14 and 17 of the Act. These are exclusive rights, but subject to the other provisions of the Act. In the first place, the work should qualify under the provisions of Section 13, for the subsistence of copyright. Although the rights have been referred to as exclusive rights, there are various exceptions to them which are listed in Section 52.

We are mainly concerned for the purpose of these appeals with Section 2 [Clauses (k), (o), (y)], 13(1), 14(1)(a), 17, proviso (d) and 52(1)(g)(iv) of the Copyright Act, 1957. The relevant provisions of these sections are as under: [***** extracted these sections and continued.]

Subject to the provisions of "original copy-edited judgment" and the person or authority or company who did so could claim to have embodied the originality in the said judgment and the judgment takes the colour of original judgment having a copyright therein of its publisher.

In many cases, a work is derived from an existing work. Whether in such a derivative work, a new copyright work is created, will depend on various factors, and would one of them be only skill, capital and labour expended upon it to qualify for copyright protection in a derivative literary work created from the pre-existing material in the public domain, and the required exercise of independent skill, labour and capital in its creation by the author would qualify him for the copyright protection in the derivative work. Or would it be the creativity in a derivative work in which the final position will depend upon the amount and value of the

corrections and improvements, the independent skill and labour, and the creativity in the end-product is such as to create a new copyright work to make the creator of the derivative work the author of it; and if not, there will be no new copyright work and then the original author will remain the author of the original work and the creator of the derivative work will have been the author of the alterations or the inputs put therein, for their nature will not have been such as to attract the protection under the law of copyright. [***** referred the arguments of parties and *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.*³², *Walter v. Lane*³³, *Designers Guild Ltd. v. Russell Williams (Textiles) Ltd.*³⁴, *University of London Press Ltd. v. University Tutorial Press Ltd.*³⁵, *Kelly v. Morris*³⁶, *Parry v. Moring and Gollancz*³⁷, *Gopal Das v. Jagannath Prasad*³⁸, *V. Govindan v. E.M. Gopalakrishna Kone*³⁹, *C. Cunniah and Co. v. Balraj and Co.*⁴⁰, *Agarwala Publishing House v. Board of High School & Intermediate Education*⁴¹, *Gangavishnu Shrikisondas v. Moreshwar Babuji Hegishte*⁴², *Rai Toys Industries v. Munir Printing Press*⁴³, *Macmillan v. Suresh Chunder Deb*⁴⁴ and continued.]

These decisions are the authority on the proposition that the work that has been originated from an author and is more than a mere copy of the original work would be sufficient to generate copyright. This approach is consistent with the "sweat of the brow" standards of originality. The creation of the work which has resulted from little bit of skill, labour and capital are sufficient for a copyright in derivative work of an author. Decisions propounded a theory that an author deserves to have his or her efforts in producing a work, rewarded. The work of an author need not be in an original form or novel form, but it should not be copied from another's work, that is, it should originate from the author. The originality requirement in derivative work is that it should originate from the author by application of substantial degree of skill, industry or experience. Precondition to copyright is that work must be produced independently and not copied from another person. Where a compilation is produced from the original work, the compilation is more than simply a re-arranged copyright of original, which is often referred to as skill,

32. (1964) 1 WLR 273; (1964) 1 All ER 4657 (HL).

33. 1900 AC 539; (1900-03) All ER Rep Ext 1666 (HL).

34. (2000) 1 WLR 2416 (HL).

35. (1916) 2 Ch 601.

36. (1866) LR 1 Eq 697.

37. (1901-04) Cop Cas 49.

38. AIR 1938 All 266.

39. AIR 1955 Mad 391.

40. AIR 1961 Mad 111; (1961) 1 MLJ 53.

41. AIR 1967 All 91; 1966 All LJ 550.

42. ILR (1889) 13 Bom 358.

43. 1982 PTC 85 (Del).

44. ILR (1890) 17 Cal 951.

judgment and/or labour or capital. The copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his skill, labour and investment of capital, maybe it is derivative work. The courts have only to evaluate whether derivative work is not the end-product of skill, labour and capital which is trivial or negligible but substantial. The courts need not go into evaluation of literary merit of derivative work or creativity aspect of the same.

[**** discussed the arguments of parties, *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*⁴⁵, *Matthew Bender & Co. Inc. v. West Publishing Co.*⁴⁶, *Key Publications Inc. v. Chinatown Today Publishing Enterprises Inc.*⁴⁷, *Macmillan and Co. Ltd. v. K. and J. Cooper*⁴⁸, *CCH Canadian Ltd. v. Law Society of Upper Canada*⁴⁹, and continued.]

It is the admitted position that the reports in the Supreme Court Cases (SCC) of the judgments of the Supreme Court, are derivative works in public domain. By virtue of Section 52(1) of the Act, it is expressly provided that certain acts enumerated therein shall not constitute an infringement of copyright. Sub-clause (iv) of clause (g) of Section 52(1) excludes the reproduction or publication of any judgment or order of a Court, Tribunal or other judicial authority, unless the reproduction or publication of such judgment or order is prohibited by the Court, the Tribunal or other judicial authority from copyright. The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. That being the position, the copy-edited judgments would not satisfy the copyright merely by establishing amount of skill, labour and capital put in the inputs of the copy-edited judgments and the original or innovative thoughts for the creativity are completely excluded. Accordingly, original or innovative thoughts are necessary to establish copyright in the author's work. The principle where there is common source the person relying on it must prove that he actually went to the common source from where he borrowed the material, employing his own skill, labour and brain and he did not copy, would not apply to the judgments of the courts because there is no copyright in the judgments of the court, unless so made by the court itself. To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one. The Copyright Act is not concerned with the original idea but with

45. 113 L Ed 2d 358; 18 USPQ 2d 1275; 499 US 340 (1991).

46. 158 F 3d 674 (2nd Cir 1998).

47. 945 F 2d 509 (2nd Cir 1991).

48. (1923-24) 51 IA 109; AIR 1924 PC 75.

49. (2004) 1 SCR 339 (Can).

the expression of thought. Copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his own skill, labour and investment of capital, maybe it is a derivative work which gives a flavour of creativity. The copyright work which comes into being should be original in the sense that by virtue of selection, co-ordination or arrangement of pre-existing data contained in the work, a work somewhat different in character is produced by the author. On the face of the provisions of the Indian Copyright Act, 1957, we think that the principle laid down by the Canadian Court would be applicable in copyright of the judgments of the Apex Court. We make it clear that the decision of ours would be confined to the judgments of the courts which are in the public domain as by virtue of Section 52 of the Act there is no copyright in the original text of the judgments. To claim copyright in a compilation, the author must produce the material with exercise of his skill and judgment which may not be creativity in the sense that it is novel or non-obvious, but at the same time it is not a product of merely labour and capital. The derivative work produced by the author must have some distinguishable features and flavour to raw text of the judgments delivered by the court. The trivial variation or inputs put in the judgment would not satisfy the test of copyright of an author.

On this touchstone, we shall take into consideration the inputs put by the appellants in their journal "SCC". The appellants have added in the copy-edited version the cross-citations to the citation(s) already given in the original text; added names of cases and cross-citations where only the citation of the case is given; added citation and cross-citations where only name of the case is given; inserted citation in case history where only the title and year of the impugned/earlier order is given; presented in their own style the cases when they are cited/repeated in the judgment; provided precise references to the quoted matter in the judgment by giving exact page and paragraph number as in the original case source/treatise/reference material; added margin headings to quoted extracts from statutes/rules, etc., when they are missing from the original text of the judgment; added the number of the section/rule/article/paragraph to the extract quoted in the original text; added the names of Judges on whose behalf opinion given by giving expressions such as "for himself and Pathak, CJ", etc.; done verification of first word of the quoted extract and supplied emphasis on such verification; added ellipsis "..." to indicate breaks in quoted extract; provided and supplied the matter inadvertently missed in quoted extracts in the original text of the judgment; completed/corrected the incomplete/incorrect case names or citations; renumbered correctly the clauses/sub-clauses in terms of the questions framed which were numbered in terms of answers to questions framed by learned Judge; changed the text as per corrigenda issued,

which has been issued upon SCC Editor's request and suggestions; done compressing/simplification of information relating to the case history; followed certain norms at SCC for giving case names; omitted the words like "Section", "Sec.", "Rule", etc. and given only the number of the section/rule at the beginning of the quoted extract; made margin heading and the first clause/sub-section or initial matter of section/rule, etc. to run-on instead of being let to start from a fresh line; done compressing of unquoted referends and use of *** for parts; replaced the series of dots in the raw text with ellipsis; removed abbreviations such as sec., R., cl. and substituted them with full word, *i.e.* section, rule, clause; added hyphenation after the section/rule numbers which have alphabets suffixed to them; applied indentation of quoted extracts; removed full stops or word "No."; and given full forms of abbreviations to enhance readability and clarity. In addition to the above, capitalisation and italicisation is also made wherever necessary in the raw text; and punctuation, articles, spellings and compound words are also checked and corrected, if required, in the original text.

The aforesaid inputs put by the appellants in the judgments would have had a copyright had we accepted the principle that any one who by his or her own skill and labour creates an original work of whatever character, shall enjoy an exclusive right to copy that work and no one else would be permitted to reap the crop what the copyright owner had sown. No doubt the appellants have collected the material and improved the readability of the judgment by putting inputs in the original text of the judgment by considerable labour and arranged it in their own style, but that does not give the flavour of minimum requirement of creativity. The exercise of the skill and judgment required to produce the work is trivial and is on account of the labour and the capital invested and could be characterised as purely a work which has been brought about by putting some amount of labour by the appellants. Although for establishing a copyright, the creativity standard applies is not that something must be novel or non-obvious, but some amount of creativity in the work to claim a copyright is required. It does require a minimal degree of creativity. Arrangement of the facts or data or the case law is already included in the judgment of the court. Therefore, creativity of SCC would only be addition of certain facts or material already published, case law published in another law report and its own arrangement and presentation of the judgment of the court in its own style to make it more user-friendly. The selection and arrangement can be viewed as typical and at best result of the labour, skill and investment of capital lacking even minimal creativity. It does not as a whole display sufficient originality so as to amount to an original work of the author. To support copyright, there must be some substantive variation and not merely a trivial variation, not the

variation of the type where limited ways/unique of expression available and an author selects one of them which can be said to be a garden variety. Novelty or invention or innovative idea is not the requirement for protection of copyright but it does require minimal degree of creativity. In our view, the aforesaid inputs put by the appellants in the copy-edited judgments do not touch the standard of creativity required for the copyright.

However, the inputs put in the original text by the appellants in (i) segregating the existing paragraphs in the original text by breaking them into separate paragraphs; (ii) adding internal paragraph numbering within a judgment after providing uniform paragraph numbering to the multiple judgments; and (iii) indicating in the judgment the Judges who have dissented or concurred by introducing the phrases like "concurring", "partly concurring", "partly dissenting", "dissenting", "supplementing", "majority expressing no opinion", etc., have to be viewed in a different light. The task of paragraph numbering and internal referencing requires skill and judgment in great measure. The editor who inserts paragraph numbering must know how legal argumentation and legal discourse is conducted and how a judgment of a court of law must read. Often legal arguments or conclusions are either clubbed into one paragraph in the original judgment or parts of the same argument are given in separate paragraphs. It requires judgment and the capacity for discernment for determining whether to carve out a separate paragraph from an existing paragraph in the original judgment or to club together separate paragraphs in the original judgment of the court. Setting of paragraphs by the appellants of their own in the judgment entailed the exercise of the brain work, reading and understanding of subject of disputes, different issues involved, statutory provisions applicable and interpretation of the same and then dividing them in different paragraphs so that chain of thoughts and process of statement of facts and the application of law relevant to the topic discussed is not disturbed, would require full understanding of the entire subject of the judgment. Making paragraphs in a judgment could not be called a mechanical process. It requires careful consideration, discernment and choice and thus it can be called as a work of an author. Creation of paragraphs would obviously require extensive reading, careful study of subject and the exercise of judgment to make paragraph which has dealt with particular aspect of the case, and separating intermixing of a different subject. Creation of paragraphs by separating them from the passage would require knowledge, sound judgment and legal skill. In our opinion, this exercise and creation thereof has a flavour of minimum amount of creativity. The said principle would also apply when the editor has put an input whereby different Judges' opinion has been shown to have been dissenting or partly dissenting or concurring,

etc. It also requires reading of the whole judgment and understanding the questions involved and thereafter finding out whether the Judges have disagreed or have the dissenting opinion or they are partially disagreeing and partially agreeing to the view on a particular law point or even on facts. In these inputs put in by the appellants in the judgments reported in SCC, the appellants have a copyright and nobody is permitted to utilise the same.

For the reasons stated in the aforesaid discussion, the appeals are partly allowed. The High Court has already granted interim relief to the plaintiff-appellants by directing that though the respondent-defendants shall be entitled to sell their CD-ROMS with the text of the judgments of the Supreme Court along with their own headnotes, editorial notes, if any, they should not in any way copy the headnotes of the plaintiff-appellants; and that the defendant-respondents shall also not copy the footnotes and editorial notes appearing in the journal of the plaintiff-appellants. It is further directed by us that the defendant-respondents shall not use the paragraphs made by the appellants in their copy-edited version for internal references and their editor's judgment regarding the opinions expressed by the Judges by using phrases like "concurring", "partly dissenting", etc. on the basis of reported judgments in SCC. The judgment of the High Court is modified to the extent that in addition to the interim relief already granted by the High Court, we have granted the above mentioned additional relief to the appellants.

In view of the decision rendered by us in the civil appeals, we do not think it necessary to pass any order on the contempt petition. The contempt petition stands disposed of accordingly. There shall be no order as to costs.

EXERCISE

Read the comment on this case by N.S. Gopalakrishnan, "Intellectual Property Law" (2008) Annual Survey of Indian Law.

POINTS FOR DISCUSSION

1. Discuss whether judgments of the courts are protected by Copyright Act. Or are they in the public domain?
2. Compare this case with *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 113 LEd 2d 358; 18 USPQ 2d 1275; 499 US 340 (1991) and *CCH Canadian Ltd. v. Law Society of Upper Canada*, (2004) 1 SCR 339 (Can).
3. What are the subject-matters protected by the Court in this case?
4. Identify the norms developed in this case by the Court to find out whether a derivative literary work satisfies the requirement of

- 1) minimum creativity to claim copyright protection. Can there be different tests of originality for basic work and its derivatives?
5. Is there any difference between the modicum of creativity test and the minimum creativity test?
6. Examine whether the Court correctly applied these norms in denying copyright for certain inputs and recognising copyright for other inputs in the facts of this case.
7. Examine whether by recognising copyright for certain inputs, the Court succeeded in keeping judgments of courts in the public domain.
8. Are the norms developed by the Court in identifying the copyright elements in the reported judgment adequate to keep the original judgment for free access so that a subsequent user can use the reported judgment without the fear of copyright infringement?
9. Examine the conditions to treat a work as derivative work based on US and English Law. Does Indian Copyright Act expressly recognise copyright for derivative works? Is it correct to treat the reported judgment as derivative of the judgment issued by the Court?
10. Do you think that *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 113 L Ed 2d 358; 18 USPQ 2d 1275; 499 US 340 (1991) is being correctly appreciated and followed by the Supreme Court?
11. Do you think that the true principle behind copyright law is to see that no person is allowed to take away the result of another man's labour, or his property? If yes, what is the nature and scope of the labour protected under the copyright law?
12. Critically analyse *Infoseek Solutions v. Kerala Law Times*, (2006) 4 KLT 311 in view of the ratio in this case.
13. Though the Supreme Court clarified that its decision would be confined to judgments which are in the public domain, has this been kept in mind by later decisions such as *Dr. Reckweg and Co. GmbH v. Adven Biotech (P) Ltd.*, (2008) 38 PTC 308.
14. In the light of this judgment discuss the need for a sui generis law to protect the databases industry in India.

Idea/expression dichotomy

"Copyright does not protect ideas but only the expression of ideas."⁵⁰ Nimmer is of the view that in this area, the courts are really faced with the dilemma of reconciling the interest of the public in access to new ideas with what at times is felt to be the injustice in permitting some

50. M. Nimmer and D. Nimmer, *Nimmer on Copyright* (1990) §16.01, 16-2. Nimmer seems to support the view that ideas are protectable, though not expressly as copyright (as property rights).

to commercially exploit the idea of others.⁵¹ According to Goldstein, in defining protectable expressions, courts will neither draw the line so narrowly that the authors will have no incentive to produce original works, nor will they draw it so broadly that future authors are stopped from using those ideas for building their works.⁵² Still it is not easy to draw the demarcating line. There are also cases where there is a merger of idea and expression. For example, in situations where there is no alternative method by which the same idea could be expressed, it could be said that there is merger of idea and expression. In such situations the work as a whole becomes unprotectable since protecting the "expression" in such circumstances would confer monopoly of the "idea" upon the copyright owner free of the conditions and limitations imposed by the patent law.⁵³ The decision from the Supreme Court of India is discussed below to examine how the law is developed in India.

R.G. ANAND v. DELUX FILMS
(1978) 4 SCC 118; AIR 1978 SC 1613

(JUSTICE MURTAZA FAZAL ALI, JUSTICE JASWANT
SINGH AND JUSTICE R.S. PATHAK)

JUSTICE MURTAZA FAZAL ALI

This appeal by special leave is directed against the judgment of the Delhi High Court dated 23-5-1967 affirming the decree of the District Judge, Delhi and dismissing the plaintiff's suit for damages against the defendants on the ground that they had violated the copyrighted work of the plaintiff which was a drama called "Hum Hindustani". The subject-matter of the appeal, however, is the play entitled "Hum Hindustani". According to the plaintiff, this play was written by him in Hindi in the year 1953 and was enacted by him for the first time on 6, 7, 8 and 9-2-1953 at Wavell Theatre, New Delhi under the auspices of the Indian National Theatre. The play proved to be very popular and received great approbation from the press and public as a result of which the play was re-staged in February and September 1954 and also in 1955 and 1956 at Calcutta. In support of his case the plaintiff has referred to a number of comments appearing in the *Indian Express*, *Hindustan Times*, *Times of India* and other papers. Encouraged by the success and popularity of the aforesaid play the plaintiff tried to consider the possibility of filming it. In November 1954 the plaintiff received a letter dated 19-11-1954 from the second defendant Mr Mohan Sehgal wherein the

51. *Ibid.*

52. Paul Goldstein, *Copyright* (2nd Edn.) 30.

53. *Ibid.*, 2:31.

defendant informed the plaintiff that he was supplied with a synopsis of the play by one Mr Balwant Gargi, a common friend of the plaintiff and defendant. The defendant had requested the plaintiff to supply a copy of the play so that the defendant may consider the desirability of making a film on it. The plaintiff, however, by his letter dated 30-11-1954 informed the defendant that as the play had been selected out of 17 Hindi plays for National Drama Festival and would be staged on 11-12-1954, the defendant should take the trouble of visiting Delhi and seeing the play himself in order to examine the potentialities of making a film, and at that time the matter could be discussed by the defendant with the plaintiff.

The plaintiff's case, however, is that some time about January 1955 the second and the third defendants came to Delhi, met the plaintiff in his office where the plaintiff read out and explained the entire play to the defendants and also discussed the possibility of filming it. The second defendant did not make any clear commitment but promised the plaintiff that he would inform him about his reaction after reaching Bombay. Thereafter the plaintiff heard nothing from the defendant. Sometime in May 1955 the second defendant announced the production of a motion picture entitled "New Delhi". One Mr Thapa who was one of the artists in the play produced by the plaintiff happened to be in Bombay at the time when the picture "New Delhi" was being produced by the defendant and informed the plaintiff that the picture being produced by the defendant was really based on the plaintiff's play "Hum Hindustani". The plaintiff thereupon by his letter dated 30-5-1955 wrote to the second defendant expressing serious concern over the adaptation of his play into a motion picture called "New Delhi". The defendant, however, by his letter dated 9-6-1955 informed the plaintiff that his doubts were without any foundation and assured the plaintiff that the story treatment, dramatic construction, characters etc. were quite different and bore not the remotest connection or resemblance with the play written by the plaintiff. The picture was released in Delhi in September 1956 and the plaintiff read some comments in the papers which gave the impression that the picture was very much like the play "Hum Hindustani" written by the plaintiff. The plaintiff himself saw the picture on 9-9-1956 and he found that the film was entirely based upon the said play and was, therefore, convinced that the defendant after having heard the play narrated to him by the plaintiff dishonestly imitated the same in his film and thus committed an act of piracy so as to result in violation of the copyright of the plaintiff. The plaintiff accordingly filed the suit for damages, for decree for accounts of the profits made by the defendants and a decree for permanent injunction against the defendants restraining them from exhibiting the film "New Delhi".

The defendants, inter alia, pleaded that they were not aware that the plaintiff was the author of the play "Hum Hindustani" nor were they

aware that the play was very well received at Delhi. Defendant 2 is a film director and is also the proprietor of Defendant 1 Delux films. The defendants averred that in November 1954 the second defendant was discussing some ideas for his new picture with Mr Balwant Gargi who is a playwright of some repute. In the course of the discussion, the second defendant informed Mr Gargi that the second defendant was interested in producing a motion film based on "provincialism" as its central theme. In the context of these discussions Mr Gargi enquired of Defendant 2 if the latter was interested in hearing the play called "Hum Hindustani" produced by the plaintiff which also had the same theme of provincialism in which the second defendant was interested. It was, therefore, at the instance of Mr Gargi that the second defendant wrote to the plaintiff and requested him to send a copy of the script of the play. The defendant goes on to state that the plaintiff read out the play to the second defendant in the presence of Rajinder Bhatia and Mohan Kumar, Assistant Directors of the second defendant when they had come to Delhi in connection with the release of their film "Adhikar". The second defendant has taken a clear stand that after having heard the play he informed the plaintiff that though the play might have been all right for the amateur stage, it was too inadequate for the purpose of making a full length commercial motion picture. The defendants denied the allegation of the plaintiff that it was after hearing the play written by the plaintiff that the defendants decided to make a film based on the play and entitled it as "New Delhi".

The defendant thus submitted that there could be no copyright so far as the subject of provincialism is concerned which can be used or adopted by anybody in his own way. He further averred that the motion picture was quite different from the play "Hum Hindustani" both in content, spirit and climax. The mere fact that there were some similarities between the film and the play could be explained by the fact that the idea *viz.*, provincialism was the common source of the play as also of the film. The defendant thus denied that there was any violation of the copyright. [**** reproduced some more arguments, discussed the definitions in the Copyright Act 1911, quoted from *Hanfstaengl v. W.H. Smith and Sons*⁵⁴, Lord Hailsham, *Halsbury's Laws of England* (4th Edn.), *Copinger on Copyright* (11th Edn.) on the concept of originality and continued.]

Moreover, it seems to us that the fundamental idea of violation of copyright or imitation is the violation of the Eighth Commandment: "Thou shalt not steal" which forms the moral basis of the protective provisions of the Copyright Act, 1911. It is obvious that when a writer or a dramatist produces a drama it is a result of his great labour, energy, time and ability and if any other person is allowed to appropriate the labours of

54. (1905) 1 Ch 519.

the copyrighted work, his act amounts to theft by depriving the original owner of the copyright of the product of his labour. It is also clear that it is not necessary that the alleged infringement should be exact or verbatim copy of the original but its resemblance with the original in a large measure is sufficient to indicate that it is a copy.

[**** quoted again from *Copinger on Copyright*; Ball, *The Law of Copyright and Literary Property*; Corpus Juris Secundum, Vol. 18 and various decisions from the US, the UK and India regarding originality, substantial copying and infringement and continued.]

Thus, the position appears to be that an idea, principle, theme, or subject-matter or historical or legendary facts being common property cannot be the subject-matter of copyright of a particular person. It is always open to any person to choose an idea as a subject-matter and develop it in his own manner and give expression to the idea by treating it differently from others. Where two writers write on the same subject similarities are bound to occur because the central idea of both are the same but the similarities or coincidences by themselves cannot lead to an irresistible inference of plagiarism or piracy. Take for instance the great poet and dramatist Shakespeare most of whose plays are based on Greek-Roman and British mythology or legendary stories like Merchant of Venice, Hamlet, Romeo and Juliet, Julius Caesar etc. But the treatment of the subject by Shakespeare in each of his dramas is so fresh, so different, so full of poetic exuberance, elegance and erudition and so novel in character as a result of which the end product becomes an original in itself. In fact, the power and passion of his expression, the uniqueness, eloquence and excellence of his style and pathos and bathos of the dramas become peculiar to Shakespeare and leaves precious little of the original theme adopted by him. It will thus be preposterous to level a charge of plagiarism against the great playwright. In fact, throughout his original thinking, ability and incessant labour Shakespeare has converted an old idea into a new one, so that each of his dramas constitutes a masterpiece of English literature. It has been rightly said that "every drama of Shakespeare is an extended metaphor". Thus, the fundamental fact which has to be determined where a charge of violation of the copyright is made by the plaintiff against the defendant is to determine whether or not the defendant not only adopted the idea of the copyrighted work but has also adopted the manner, arrangement, situation to situation, scene to scene with minor changes or super additions or embellishment here and there. Indeed, if on a perusal of the copyrighted work the defendant's work appears to be a transparent rephrasing or a copy of a substantial and material part of the original, the charge of plagiarism must stand proved. Care however must be taken to see whether the defendant has merely disguised piracy or has actually reproduced the original in a different form, different tone, and different tenor so as to infuse a new life

into the idea of the copyrighted work adapted by him. In the latter case there is no violation of the copyright.

Thus, on a careful consideration and elucidation of the various authorities and the case law on the subject discussed above, the following propositions emerge:

1. There can be no copyright in an idea, subject-matter, themes, plots or historical or legendary facts and violation of the copyright in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.
2. Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case the courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work. If the defendant's work is nothing but a literal imitation of the copyrighted work with some variations here and there it would amount to violation of the copyright. In other words, in order to be actionable the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.
3. One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.
4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.
5. Where however apart from the similarities appearing in the two works there are also material and broad dissimilarities which negate the intention to copy the original and the coincidences appearing in the two works are clearly incidental, no infringement of the copyright comes into existence.
6. As a violation of copyright amounts to an act of piracy it must be proved by clear and cogent evidence after applying the various tests laid down by the case law discussed above.
7. Where however the question is of the violation of the copyright of the stage play by a film producer or a director the task of the plaintiff becomes more difficult to prove piracy. It is manifest that unlike a stage play a film has a much broader perspective, wider field and a bigger background where the defendants can by introducing a variety of incidents give a colour and complexion different from the manner in which the copyrighted work has expressed the idea. Even so, if the viewer after seeing the film gets a totality of impression

that the film is by and large a copy of the original play, violation of the copyright may be said to be proved.

We would now endeavour to apply the principles enunciated above and the tests laid down by us to the facts of the present case in order to determine whether or not the plaintiff has been able to prove the charge of plagiarism and violation of copyright levelled against the defendant by the plaintiff. The learned trial Judge who also had the advantage of seeing the picture was of the opinion that the film taken as a whole is quite different from the play written by the plaintiff. In order to test the correctness of the finding of the trial court we also got the play read to us by the plaintiff in the presence of counsel for the parties and have also seen the film which was screened at C.P.W.D. Auditorium, Mahadev Road, New Delhi. This was done merely to appreciate the judgment of the trial court and the evidence led by the parties and was not at all meant to be just a substitute for the evidence led by the parties. [***** identified the important elements of the play and concluded.]

Analysing therefore the essential features of the play the position is as follows:

1. That the central idea of the play is based on provincialism and parochialism.
2. The evils of provincialism are illustrated by the cordial relations of the two families being marred because of an apprehended marriage tie which according to both the families was not possible where they belonged to different States.
3. That the Madras boy Amni is a coward and in spite of his profound love for Chander he does not muster sufficient courage to talk the matter out with his parents.
4. That in sheer desperation while the parents of the families are trying to arrange a match for the couple belonging to the same State Amni and Chander enter into a suicidal pact and write letters to their parents intimating their intention.
5. It was only after the letters are perused by the parents that they realise the horror of parochialism and are repentant for having acted so foolishly.
6. That after this realisation comes the married couple Amni and Chander appear before the parents and thus all is well that ends well.

As the play was read to us by the appellant we find that it was very exquisitely presented and the plot was developed with very great skill. It must be noted however that the author, in writing out the play, has concentrated only on one aspect of provincialism, namely, whether there can be a marriage between the persons belonging to one State with those belonging to other States. This is the only aspect of provincialism which

has been stressed in the play. The play does not touch any other aspect nor does it contain anything to throw light on the evils of society or that of dowry etc. We have mentioned these facts particularly because the film revolves around not only the aspect of marriage but other aspects also which are given the same importance as the problem of marriage.

[**** summarised the elements of the film and continued.]

Analysing the story of the film it would appear that it portrays three main themes: (1) two aspects of provincialism *viz.* the role of provincialism in regard to marriage and in regard to renting out accommodation, (2) evils of caste-ridden society, and (3) the evils of dowry. So far as the last two aspects are concerned they do not figure at all in the play written by the plaintiff/appellant. A close perusal of the script of the film clearly shows that all the three aspects mentioned above are integral parts of the story and it is very difficult to divorce one from the other without affecting the beauty and the continuity of the script of the film. Further, it would appear that the treatment of the story of the film is in many respects different from the story contained in the play.

Learned counsel for the appellant however drew our attention to para. 9 of the plaint at pp. 18-19 of the paper book wherein as many as 18 similarities have been detailed. The similarities may be quoted thus:

- (i) Before the actual stage play, the producer gives a narrative. He states that although we describe ourselves as Hindustanis we are not really Hindustanis. He questions the audience as to what they are and various voices are heard. They say in their own provincial language that they are Punjabis, Bengalis, Gujratis, Marathas, Madrasis, Sindhis, etc. In the said film the same idea is conveyed and the hero of the picture is shown searching for a house in New Delhi and wherever he goes he is confronted by a landlord who describes himself not as a Hindustani but as a Punjabi, Bengali, Gujrati, Maratha, Madrasi or Sindhi.
- (ii) Both the said play and the said film deal with the subject of provincialism.
- (iii) Both the said play and the said film evolve a drama around the lives of two families, one a Punjabi and the other a Madrasi family.
- (iv) In both the said play and the said film the name of the Madrasi father is subramaniam.
- (v) Both the said play and the said film have their locale in New Delhi.
- (vi) Both the said play and the said film show cordiality of relations between the two families.
- (vii) Both the said play and the said film show the disruptions of cordial relations as soon as the heads of the families discover the existence of a love affair between their children.

- (viii) In both the said play and the said film, both the parents warn their respective children not to have anything to do with each other on pain of corporal punishment.
- (ix) The entire dialogue in both the said play and the said film before and after the disruption is based upon the superiority of the inhabitants of one province over the inhabitants of the others.
- (x) In both the said play and the said film the girl is shown to be fond of music and dancing.
- (xi) In both the said play and the said film the hero is shown as a coward to the extent that he has not the courage to go to his parents and persuade them to permit him to marry a girl hailing from another province.
- (xii) Both in the said play and in the said film, when the parents of the girl are discussing marrying her off to somebody the girl is listening to the dialogue from behind a curtain. Thereafter the girl runs to the boy and explains the situation to him.
- (xiii) In both the said play and the said film, the girl writes a letter of suicide.
- (xiv) In the said play reconciliation takes place when the children of the two families, who were in love, go out to commit suicide by drowning etc. whereas in the said film, it is only the daughter who goes out to commit suicide by drowning herself in the Jamuna.
- (xv) In the said play the children are stopped from committing suicide by an Astrologer whereas in the said film the girl is stopped from committing suicide by a friend of the family.
- (xvi) In the said play reconciliation between the two families takes place only after they have experienced the shock of their children committing suicide on account of their provincial feelings whereas in the film, the father of the girl realised his mistake after experiencing the shock of his daughter committing suicide.
- (xvii) In both the said play and the said film, stress is laid on the fact that although India is one country yet there is acute feeling of provincialism between persons hailing from its various States even though they work together and live as neighbours.
- (xviii) Both in the said play and in the said film, even the dialogue centers around the same subject of provincialism.

In the course of the argument also our attention was drawn to a comparative compilation of the similarities in the film and the play. The learned trial Judge after considering the similarities was of the opinion that the similarities are on trivial points and do not have the effect of making the film a substantial and material imitation of the play. Moreover apart from the fact that the similarities and coincidences mentioned above are rather insignificant as pointed out by the trial Judge and the High Court

in our opinion, they are clearly explainable by and referable to only the central idea, namely, evils of provincialism and parochialism which is common to both the play and the film. Nothing therefore turns upon the similarities categorised by the plaintiff (in para. 9 of the plaint), in the peculiar facts and circumstances of this case.

After having gone through the script of the play and the film we are inclined to agree with the opinion of the courts below. We have already pointed out that mere similarities by themselves are not sufficient to raise an inference of colourable imitation. On the other hand, there are quite a number of dissimilarities also, for instance:

- (i) In the play, provincialism comes on the surface only when the question of marriage of Amni with Chander crops up but in the picture it is the starting point of the story when Anand goes around from door to door in search of accommodation but is refused the same because he does not belong to the State from which the landlord hails, as a result thereof Anand has to masquerade himself as a Madrasi. This would, therefore, show that the treatment of the subject of provincialism in the film is quite different from that in the play and is actually a new theme which is not developed or stressed in the play.
- (ii) Similarly, in the play the two families are fully aware of the identity of each other whereas in the film they are not and in fact it is only when the dance performance of Janki and Anand is staged that the identity of the two families is disclosed which forms one of the important climaxes of the film. Thus, the idea of provincialism itself is presented in a manner or form quite different from that adopted in the play.
- (iii) In the film there is no suicidal pact between the lovers but only a suicide note is left by Janki whereas in the play both the lovers decide to end their lives and enter into a suicidal pact and leave suicide note to this effect. Furthermore, while in the play Amni and Chander get married and then appear before the parents, in the picture the story takes a completely different turn with the intervention of Sadhu Ram who does not allow Janki to commit suicide but keeps her with him disguised as his niece and the final climax is reached in the last scene when Janki's real identity is disclosed and subramaniam also finds out that his daughter is alive.
- (iv) The story in the play revolves around only two families, namely, the Punjabi and the Madrasi families, but in the film there are three important families, namely, the Punjabi family, the Madrasi family and the Bengali family and very great stress is laid down in the film on the role played by Ashok Banerjee of the Bengali family who makes a supreme sacrifice at the end which turns the tide and

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brings about a complete revolution in the mind and ideology of Daulat Ram.

- (v) The film depicts the evil of caste ridden society and exposes the hollowness of such a society when in spite of repeated requests no member of the brotherhood of Daulat Ram comes to his rescue and ultimately it is left to Ashok Banerjee to retrieve the situation. This aspect of the matter is completely absent in the play.
- (vi) The film depicts another important social evil, namely, the evil of dowry which also appears to be the climax of the story of the film and the horrors of dowry are exhibited and demonstrated in a very practical and forceful fashion. The play however does not deal with this aspect at all.

The aspects mentioned above which are absent from the play are not mere surplusage or embellishments in the story of the film but are important and substantial parts of the story.

The effect of the dissimilarities pointed out above clearly go to show that they far outweigh the effect of the similarities mentioned in para. 9 of the plaint set out above. Moreover, even if we examine the similarities mentioned by the plaintiff they are trifling and trivial and touch insignificant points and do not appear to be of a substantial nature. The mere fact that the name of the Madrasi father was subramaniam in both the film and the play, is hardly of any significance because the name of a particular person cannot be the subject-matter of copyright because these are common names.

After careful consideration of the essential features of the film and the play we are clearly of the opinion that the plaintiff has not proved by clear and cogent evidence that the defendants committed colourable imitation of the play and have thus violated the copyright of the plaintiff.

[***** discussed other contentions of appellant and continued.]

Thus, applying the principles enunciated above and the various tests laid down to determine whether in a particular case there has been a violation of the copyright we are of the opinion that the film produced by the defendants cannot be said to be a substantial or material copy of the play written by the plaintiff. We also find that the treatment of the film and the manner of its presentation on the screen is quite different from the one written by the plaintiff at the stage. We are also satisfied that after seeing the play and the film no prudent person can get an impression that the film appears to be a copy of the original play nor is there anything to show that the film is a substantial and material copy of the play. At the most the central idea of the play, namely, provincialism is undoubtedly the subject-matter of the film along with other ideas also but it is well settled that a mere idea cannot be the subject-matter of copyright. Thus,

the present case does not fulfil the conditions laid down for holding that the defendants have made a colourable imitation of the play.

On a close and careful comparison of the play and the picture but for the central idea (provincialism which is not protected by copyright), from scene to scene, situation to situation, in climax to anti-climax, pathos, bathos, in texture and treatment and purport and presentation, the picture is materially different from the play. As already indicated above, applying the various tests outlined above we are unable to hold that the defendants have committed an act of piracy in violating the copyright of the play.

Apart from this the two courts of fact, having considered the entire evidence, circumstances and materials before them have come to a finding of fact that the defendants committed no violation of the copyright. This Court would be slow to disturb the findings of fact arrived at by the courts below particularly when after having gone through the entire evidence, we feel that the judgments of the courts below are absolutely correct.

The result is that the appeal fails and is accordingly dismissed. But in the circumstances there will be order as to costs in this Court only.

JUSTICE JASWANT SINGH

Bearing in mind the well-recognised principles and tests to determine whether there has been an infringement of the law relating to copyright in a particular case which were brought to our notice by the counsel on both sides and which have been elaborately considered and discussed by my learned brother Murtaza Fazal Ali in the course of the judgment prepared by him, we proceeded at the request of the counsel to hear the script of the play "Hum Hindustani" which was read out to us by the plaintiff in a dramatic style and to see the film "New Delhi" produced by Defendants 1 and 2, the exhibition of which was arranged by the defendants themselves. On a careful comparison of the script of the plaintiff's copyrighted play with the aforesaid film, although one does not fail to discern a few resemblances and similarities between the play and the film, the said resemblances are not material or substantial and the degree of similarities is not such as to lead one to think that the film taken as a whole constitutes an unfair appropriation of the plaintiff's copyrighted work. In fact, a large majority of material incidents, episodes and situations portrayed by Defendants 1 and 2 in their aforesaid film are substantially different from the plaintiff's protected work and the two social evils *viz.* caste system and dowry system sought to be exposed and eradicated by Defendants 1 and 2 by means of their aforesaid film do not figure at all in the plaintiff's play. As such I am in complete agreement with the conclusions arrived at by my learned brother Murtaza

Fazal Ali that there has been no breach on the part of the defendants of the plaintiff's copyright and concur with the judgment proposed to be delivered by him.

JUSTICE R.S. PATHAK

It appears from a comparison of the script of the stage play "Hum Hindustani" and the script of the film "New Delhi" that the authors of the film script have been influenced to a degree by the salient features of the plot set forth in the play script. There can be little doubt from the evidence that the authors of the film script were aware of the scheme of the play. But on the other hand, the story portrayed by the film travels beyond the plot delineated in the play. In the play, the theme of provincial parochialism is illustrated only in the opposition to a relationship by marriage between two families hailing from different parts of the country. In the film the theme is also illustrated by the hostile attitude of proprietors of lodging accommodation towards prospective lodgers who do not belong to the same provincial community. The plot then extends to the evils of the dowry system, which is a theme independent of provincial parochialism. There are still other themes embraced within the plot of the film. Nonetheless, the question can arise whether there is an infringement of copyright even though the essential features of the play can be said to correspond to a part only of the plot of the film. This can arise even where changes are effected while planning the film so that certain immaterial features in the film differ from what is seen in the stage play. The relative position in which the principal actors stand may be exchanged or extended, and embellishments may be introduced in the attempt to show that the plot in the film is entirely original and bears no resemblance whatever to the stage play. All such matters fall for consideration in relation to the question whether the relevant part of the plot in the film is merely a colourable imitation of the essential structure of the stage play. If the treatment of the theme in the stage play has been made the basis of one of the themes in the film story and the essential structure of that treatment is clearly and distinctly identifiable in the film story, it is not necessary, it seems to me, for the Court to examine all the several themes embraced within the plot of the film in order to decide whether infringement has been established. In the attempt to show that he is not guilty of infringement of copyright, it is always possible for a person intending to take advantage of the intellectual effort and labours of another to so develop his own product that it covers a wider field than the area included within the scope of the earlier product, and in the common area covered by the two productions to introduce changes in order to disguise the attempt at plagiarism. If a reappraisal of the facts in the present case had been open in this Court, I am not sure that I would not

have differed from the view taken on the facts by the High Court, but as the matter stands, the trial court as well as the High Court have concurred in the finding that such similarities as exist between the stage play "Hum Hindustani" and the film "New Delhi" do not make out a case of infringement. The dissimilarities, in their opinion, are so material that it is not possible to say that the appellant's copyright has been infringed. This Court is extremely reluctant to interfere with concurrent findings of fact reached by the courts below and for that reason I would allow the judgment under appeal to stand. In another, and perhaps a clearer case, it may be necessary for this Court to interfere and remove the impression which may have gained ground that the copyright belonging to an author can be readily infringed by making immaterial changes, introducing insubstantial differences and enlarging the scope of the original theme so that a veil of apparent dissimilarity is thrown around the work now produced. The Court will look strictly at not only blatant examples of copying but also at reprehensible attempts at colourable imitation.

The appeal is dismissed, but without any order as to costs.

POINTS FOR DISCUSSION

1. What is the method suggested by the Court to identify the expression and separate it from the idea so as to ensure that idea is not protected while protecting the expression of idea?
2. "One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original." Do you think that this test is adequate and safe to separate the idea while protecting the expression of idea?
3. Examine the test applied by the Court in this case to find out the idea and expressions in both the works.
4. Read the following observation of the Delhi High Court in *Anil Gupta v. Kunal Dasgupta*, (2002) 25 PTC 1 (Del) and examine whether the Court has applied the ratio of *R.G. Anand v. Delux Films*, (1978) 4 SCC 118; AIR 1978 SC 1613 correctly.

An idea *per se* has no copyright. But if the idea is developed into a concept fledged with adequate details, then the same is capable of registration under the Copyright Act. [emphasis added]. The novelty and innovation of the concept of the plaintiff resides in combining of a reality TV show with a subject like match making for the purpose of marriage. The Swayamvar quoted in Indian mythology was not a routine practice. In mythology, we have come across only two broadly understood swayamvars, one in Mahabharata where the choice was not left on the bride but on the act of chivalry to be performed by any prince and whosoever succeeded in such

performance got the hand of Draupadi. Similarly, in Ramayana choice was not left to the bride but again on performance of chivalrous act by a prince who could break the mighty Dhanusha (bow). Therefore, originality lies in the concept of plaintiff by conceiving a reality TV programme of match making and spouse selection by transposing mythological swayamvar to give prerogative to woman to select a groom from variety of suitors and making it presentable to audience and to explore it for commercial marketing. Therefore, the very concept of match making in view of concept of the plaintiff giving choice to the bride was a novel concept in original thought capable of being protected.

READ

1. *Nichols v. Universal Pictures Corpn.*, 45 F 2d 119 (2nd Cir 1930).
2. *Sheldon v. Metro-Goldwyn Pictures Corpn.*, 81 F 2d 49 (2nd Cir 1936).
3. *Barbara Taylor Bradford v. Sahara Media Entertainment Ltd.*, (2004) 28 PTC 474; (2004) 1 CHN 448.

EXERCISE

1. Discuss the following observation in *Baker v. Selden*, 25 L Ed 841: 101 US 99 (1880).

Charles Selden, by his books, explained and described a peculiar system of bookkeeping, and illustrated his method by means of ruled lines and blank columns, with proper headings on a page or on successive pages. Now whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practice and use the art itself which he has described and illustrated therein. The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on bookkeeping cannot secure the exclusive right to make, sell, and use account books prepared upon the plan set forth in such book. Whether the art might or might not have been patented is a question which is not before us. It was not patented, and is open and free to the use of the public. And of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.⁵⁵

2. Discuss the following observation of Delhi High Court in *Mattel Inc. v. Jayant Aggarwalla*, (2008) 38 PTC 416, 427-28 (Del).

... [T]he application of the doctrine of merger would mean that the colour scheme on such a board can be expressed only in a limited number of ways; if the plaintiffs' arrangements were to be avoided, it is not known whether the idea of such a word game could be played at all. Similarly, the reasoning in *Allen and Atari* as far as copyrightability of rules of a game is concerned apply squarely in this case. This doctrine of merger is applicable with respect to games as (according to those decisions) 'they consist

55. 101 US 99, 104.

of abstract rules and play ideas'. By way of illustration, the arrangement of colours, values on the board, the collocation of lines, value for individual alphabetical titles, etc. have no intrinsic meaning, but for the rules. If these rules which form the only method of expressing the underlying idea are to be subject to copyright, the idea in the game would be given monopoly: a result not intended by the lawmakers, who only wanted expression of ideas to be protected.

3. Examine the above case in the light of the following quote from Zechariah Chafee Jr., "Reflections on the Law of Copyright: I" (1945) 45 Colum L Rev 503, 513-14.

Everybody agrees that the ideas in the copyrighted book are not protected. Another physicist can read Einstein's book and write about relativity. But he must not tell about it in Einstein's words. Should protection be limited to the precise words? If so, a translation, which uses entirely different words, would not infringe. Yet, if we protect more than precise words, where shall we stop? The line is sometimes drawn between an idea and its expression. This does not solve the problem, because 'expression' has too wide a range. To some extent, the expression of an abstract idea should be free for use by others. No doubt, the line does lie somewhere between the author's idea and the precise form in which he wrote it down. I like to say that the protection covers the 'pattern' of the work. This is not a solution, but I find it helpful as an imaginative description of what should not be imitated. For example, the idea of an Irish-Jewish marriage in a play may be borrowed. With this theme, some resemblance in characters and situations is inevitable, but the line of infringement may not yet be crossed. On the other hand, the pattern of the play—the sequence of events and the development of the interplay of the characters—must not be followed scene by scene. Such a correspondence of pattern would be an infringement although every word of the spoken dialogue was changed.

Even the first user of a plot or a human situation should not have a monopoly of it. The public should have the opportunity to see what other artists will do with the same plot or situation, after the fashion set by the Greek tragedians. Yet we want to encourage originality and not slavishness. There comes a point where the use of material is so close as not to give the public anything really new. At that point, the ideal of encouraging independent creation ceases to operate.

REFERENCES

1. "Originality" (2002) 115 Harv L Rev 1988.
2. Daniel J. Gervais, "Feist Goes Global: A Comparative Analysis of the Notion of Originality in Copyright Law" (2001) 49 J COPR SOC'Y USA 949.
3. Denicola, "Copyright in Collections of Facts: A Theory for the Protection of Non-fiction Literary Works" (1981) 81 Colum L Rev 516, 525.

4. Jane C. Ginsburg, "Creation and Commercial Value: Copyright Protection of Works of Information" (1990) 90 Colum L Rev 1865.
5. Jane C. Ginsburg, "No Sweat? Copyright and Other Protection of Works of Information After *Feist v. Rural Telephone*" (1992) 92 Colum L Rev 838.
6. Michael Spence and Timothy Endicott, "Vagueness in the Scope of Copyright" (2005) 121 LQR 657.

Originality in computer program

Copyright protection of computer program is relatively a new area in which the problem of idea-expression is very crucial. The dual nature of computer program with literal and functional (non-literal) elements created confusion in the minds of judiciary even in jurisdictions like the US with respect to the nature of the copyright protection. Though the Indian copyright law protects computer program from 1984 onwards, there is not a single case till date addressing this problem. The leading case in the US that laid down clear guidelines is *Computer Associates International Inc. v. Altai Inc.*⁵⁶ The following test is worth examining:

In ascertaining substantial similarity under this approach, a court would first break down the allegedly infringed program into its constituent structural parts. Then, by examining each of these parts for such things as incorporated ideas, expression that is necessarily incidental to those ideas, and elements that are taken from the public domain, a court would then be able to sift out all non-protectable material. Left with a kernel, or possibly kernels, of creative expression after following this process of elimination, the court's last step would be to compare this material with the structure of an allegedly infringing program. The result of this comparison will determine whether the protectable elements of the programs at issue are substantially similar so as to warrant a finding of infringement. It will be helpful to elaborate a bit further.

Step One: Abstraction

Upon any work ... a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the [work] is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the [author] could prevent the use of his 'ideas', to which, apart from their expression, his property is never extended.⁵⁷ ...

As applied to computer programs, the abstraction test will comprise the first step in the examination for substantial similarity. Initially, in a manner that resembles reverse engineering on a theoretical plane, a court should dissect the allegedly copied program's structure and isolate each level of

56. 982 F 2d 693 (3rd Cir 1992).

57. *Nichols v. Universal Pictures Corp.*, 45 F 2d 119 (2nd Cir 1930).

abstraction contained within it. This process begins with the code and ends with an articulation of the program's ultimate function. Along the way, it is necessary essentially to retrace and map each of the designer's steps in the opposite order in which they were taken during the program's creation.

As an anatomical guide to this procedure, the following description is helpful:

At the lowest level of abstraction, a computer program may be thought of in its entirety as a set of individual instructions organised into a hierarchy of modules. At a higher level of abstraction, the instructions in the lowest-level modules may be replaced conceptually by the functions of those modules. At progressively higher levels of abstraction, the functions of higher-level modules conceptually replace the implementations of those modules in terms of lower-level modules and instructions, until finally, one is left with nothing but the ultimate function of the program A program has structure at every level of abstraction at which it is viewed. At low levels of abstraction, a program's structure may be quite complex; at the highest level it is trivial.

Step Two: Filtration

Once the program's abstraction levels have been discovered, the substantial similarity enquiry moves from the conceptual to the concrete. Prof. Nimmer suggests, and we endorse, a 'successive filtering method' for separating protectable expression from non-protectable material.⁵⁸ This process entails examining the structural components at each level of abstraction to determine whether their particular inclusion at that level was 'idea' or was dictated by considerations of efficiency, so as to be necessarily incidental to that idea; required by factors external to the program itself; or taken from the public domain and hence is non-protectable expression. ... The structure of any given program may reflect some, all, or none of these considerations. Each case requires its own fact specific investigation.

Strictly speaking, this filtration serves 'the purpose of defining the scope of plaintiff's copyright'.⁵⁹ By applying well developed doctrines of copyright law, it may ultimately leave behind a 'core of protectable material'.⁶⁰ Further explication of this second step may be helpful.

Step Three: Comparison

The third and final step of the test for substantial similarity that we believe appropriate for non-literal program components entails a comparison. Once a court has sifted out all elements of the allegedly infringing program which are 'ideas' or are dictated by efficiency or external factors, or taken from the public domain, there may remain a core of protectable expression. In terms of a work's copyright value, this is the golden nugget.⁶¹ At this point, the court's

58. See generally, M. Nimmer and D. Nimmer, 3 *Nimmer on Copyright* (1990) § 13.03(F).

59. *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir 1992) (endorsing "analytic dissection" of computer programs in order to isolate protectable expression).

60. M. Nimmer and D. Nimmer, 3 *Nimmer on Copyright* (1990) § 13.03(F)(5), 13-72.

61. See, *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir 1992).

substantial similarity enquiry focuses on whether the defendant copied any aspect of this protected expression, as well as an assessment of the copied portion's relative importance with respect to the plaintiff's overall program.⁶² ('To determine whether similarities result from unprotectable expression, analytic dissection of similarities may be performed. If ... all similarities in expression arise from use of common ideas, then no substantial similarity can be found.')

EXERCISE

Examine whether the triple test of abstraction, filtration and comparison is applicable in India in the light of the test laid down by the Supreme Court in *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.

READ

Yogesh A. Pai, "Copyright Protection for Computer Programme: Walking on One Leg?" (2006) 48 JILI 359.

CONCEPT OF NOVELTY, INVENTIVE STEP AND UTILITY IN PATENTS

Just like copyright protection requires satisfying the test of originality, patent law requires an invention to be new, inventive step/non-obvious and capable of industrial application for attracting protection under it.⁶³ It is a general requirement, universally, for patentability though there is no uniform test followed by the countries, particularly in case of non-obviousness or inventive step. Again the philosophy is to deny monopoly right to inventions, which are not really creative in nature but something, which is already known to the public or involve minimal inventive thought.

An invention is said to be new if it has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of the patent application, *i.e.* the subject-matter has not fallen in public domain or does not form part of the "state of the art".⁶⁴ However, the phrase "state of the art" is not defined in the Indian Patents Act, 1970. In such circumstances we have to resort to the interpretation given to the term by courts, if any, or by other legal systems of the world. Under the English Law it is defined thus:

62. See, M. Nimmer and D. Nimmer, 3 *Nimmer on Copyright* (1990) § 13.03(F)(5); Data East USA, 862 F.2d 208.

63. S. 2(1)(j), Patents Act, 1970. However, present provision is the result of substitution of the old provision by the 2002 Amending Act and it will be interesting to compare the patentability requirements in the 1911 Act and the original 1970 Act and to analyse the development of the requirement in India till the 2005 Amendment Act.

64. See, S. 2(1)(l), Patents Act, 1970.

The state of the art in the case of an invention shall be taken to comprise all matter (whether a product, a process, information about either, or anything else) which has at any time before the priority date of that invention been made available to the public (whether in the United Kingdom or elsewhere) by written or oral description, by use or in any other way.⁶⁵

That is, when an invention is anticipated by prior publication or prior use, it becomes disentitled to get patent protection. By ensuring that patents are not granted for products and processes, which are already known, novelty helps to ensure that patents are not used to stop people from doing what they were doing before the patent was granted.⁶⁶ The rationale for the grant of patent itself is to reward an inventor for disclosing an invention, which would not have been available to them otherwise. Similarly an invention is said to involve an inventive step if it is not obvious to a person skilled in the art.⁶⁷ As it was held in *PLG Research Ltd. v. Ardon International Ltd.*⁶⁸, the philosophy behind the doctrine of obviousness is that the public should not be prevented from doing anything, which was merely an obvious extension or workshop variation of what was already known at the priority date.

If the invention is new, further enquiry must be made to find out whether it is "new enough", that is, not obvious to a person with ordinary skill in the art.⁶⁹ Inventive step is defined under the Patents Act, 1970 to mean "a feature of the 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"⁷⁰.

There are no universally accepted standards for testing the requirements of novelty or inventive step. The standards of novelty and inventive step differ from country to country and from time to time. Moreover, with the modern technology involved (as in the case of chemicals, pharmaceuticals, computer software and biotechnological inventions) the complexity of the issue increases. For example, in the case of chemicals the meaning of the term "made available to the public" gets a different connotation due to the peculiar nature of research involved in the area. A mere disclosure of the formula to a particular chemical compound need not anticipate a patent for the compound.⁷¹ The reason is that for a skilled

65. S. 2(2) of the British Patent Act, 1977. It will be interesting to see if the introduction of the concept of "state of the art" which is nowhere defined under the Indian Patents Act may result in bringing in the European/English standards of novelty into the Indian law.

66. Lionel Bently and Brad Sherman, *Intellectual Property Law* (Oxford 2001) 413.

67. See, S. 2(1)(ja), Patents Act, 1970.

68. 1995 FSR 116, 136.

69. *Chisum on Patents*, §3.01, 3-5 (2002). See also, *Terrell on the Law of Patents*, 171.

70. S. 2(1)(ja), Patents Act, 1970.

71. *Asahi Kasei Kogyo KK's Application*, 1991 RPC 485 (HL).

person to be in a position to work the invention in question needs to be given not only the chemical formulae but also the means by which the compound could be produced.⁷² Similarly, in the case of biotechnological inventions, it is really difficult to keep the old standards of obviousness. Peter E. Montague explains its reason thus:

The present position is that biotechnology is faced with a range of known biological product targets. Their commercial desirability is clear, and while the best route to manufacture may not be known, nevertheless the range of tools available suggests that such routes will be found.

But if targets are known and desirable, and the tool kit with which they are to be achieved is well-known and widely available, is it not likely that patents for routes to manufacture will be invalidated for obviousness?⁷³

However, in view of the lack of definition for novelty, inventive step and industrial application in the TRIPS Agreement, it is left to the national laws of the member countries to define these concepts. Though not free from controversy, Indian patent law after 2005 contains provisions, which tends to restrict the scope of these standards in the field of pharmaceutical and biotechnological inventions.⁷⁴

The following cases illustrate the trend adopted by the courts in India based on the old provision of the Patents Act, 1911 and 1970.

Test of novelty and inventive step

LALUBHAI CHAKUBHAI JARIVALA v.
SHAMALDAS SANKALCHAND SHAH

AIR 1934 Bom 407; (1934) 36 Bom LR 881; 153 IC 481

JUSTICE B.J. WADIA

This is a patent action. Plaintiff is the holder of a Patent No. 18164, dated 4-7-1931, for an improved process of treating dried fruits, the process being particularly applicable to the treatment of dried shell almonds and betel-nuts. Defendants are betel-nut merchants, and the plaintiff's case is that since about April-May 1933, defendants have been using his process, or substantially the same process, for the treatment of betel-nuts, and have been selling betel-nuts in the market treated by that process. He filed the suit on 3-4-1934, alleging that the defendants are infringing his patent rights, and prayed for an injunction against the defendants and for an account of the profits made by them, or, in the alternative, for damages in respect of the infringement. Defendants deny the validity of the patent on various grounds, and they also deny the infringement.

72. Lionel Bently and Brad Sherman, *Intellectual Property Law* (Oxford 2001) 422.

73. Peter E. Montague, "Biotechnology Patents and the Problem of Obviousness" (1993) 4 AIPJ 3, 8.

74. See, Ss. 2(ta) and 3(d), Patents Act, 1970.

[***** referred to issues raised by the parties and continued.]

The plaintiff is an analytical and consulting chemist. He studied in Germany from 1922 to 1927 and took the degree of Doctor of Science of the University of Frankfurt in May 1927. In the beginning of that year he joined one Girdharlal Shah in partnership under the name and style of Jariwala Shah & Co. and after his return from Germany the firm commenced doing business in drugs, cumin seeds, and heavy chemicals. About the end of the year they began importing dried fruits as well. In March–April 1928, the firm started a manufacturing department which was subsequently known as the Jasco Chemical and Allied Industries Company in which they produced liquorice, styrax and other things. The business was carried on in Apollo Street, Fort, where the plaintiff had also a small laboratory. In or about October–November 1929, the firm of Harakhchand Shivji & Co., who are large dealers in dried fruits, approached the plaintiff, and they asked him whether he knew the process of bleaching almonds and betel-nuts white, as white almonds and betel-nuts fetched a hotter price in the market. It was then agreed between them and the plaintiff that the plaintiff was to find out a commercially successful process for the purpose, and to use it when found exclusively for Harakhchand Shivji & Co., so long as they paid him at the rate of ₹ 300 per month. The plaintiff thereupon commenced experimenting in his laboratory in order to find out such a process. In or about January or February 1930, Jasco Co. was sold to the defendants, and one Varmani, who was a chemist in the employ of Jariwala Shah & Co., joined the defendants' service. The plaintiff supervised the work of Jasco Co. at Mazagaon for the defendants, without any remuneration, and he also continued experimenting for the process in his laboratory, which was shifted from the Fort to a room near Jasco Co.'s factory at Mazagaon. It was alleged by the defendants' partner Chunilal Nathubhai and by Girdharlal Shah that both Girdharlal and the plaintiff became partners with the defendants after Jasco Co. was sold to the defendants, but this is denied by the plaintiff.

In or about April 1930, Harakhchand Shivji & Co. put up a factory near the factory of Jasco Co. at Mazagaon for the purpose of bleaching almonds and betel-nuts as the plaintiff had by that time found out a tentative process. He worked that process in the factory of Harakhchand Shivji & Co. from about April–May till July–August 1930, and they paid him ₹ 300 per month according to his agreement for the months of April, May, June and July 1930. The tentative process, however, did not prove successful, as the almonds turned mouldy after a time and the taste of the kernel was also affected with the result that the factory had to be closed. The plaintiff continued experimenting and found out a suitable process for bleaching almonds in or about November 1930, and for bleaching betel-nuts about February 1931. In or about the month of October 1930,

the firm of Jariwala Shah & Co. was dissolved, as disputes arose between the partners, and Girdharlal Shah left off attending the business. In November 1930, the factory of Harakhchand Shivji & Co. started working again, and almonds as well as betel-nuts were bleached according to the plaintiff's process, and sold by Harakhchand Shivji & Co. in the market. Thereafter the plaintiff applied for a patent for his process on 4-7-1931, and the application was accepted on 27-10-1931. The patent was sealed on 27-4-1932, with effect from the date of the application. From November 1930, when the factory was restarted, Harakhchand Shivji & Co. commenced paying ₹ 300 per month to the plaintiff again according to the original agreement, the plaintiff received this amount till about October 1931, when he was informed that one Shamaldas Shah, the brother of his former partner Girdharlal, had installed a new plant for bleaching dried fruits according to a process which the plaintiff alleged was an infringement of his. The plaintiff thereupon filed a suit in this Court against Shamaldas, being Suit No. 940 of 1932, in June 1932, for an injunction to restrain him from infringing his patent rights. The suit was heard before Broomfield J, and was dismissed. The plaintiff thereupon filed an appeal, and the judgment of the Court below was reversed by the Appeal Court in March 1934. It granted the injunction and certified the validity of the patent.

The judgment of the Appeal Court is reported in *Lallubhai Chakubhai Jarivala v. Shamaldas Sankalchand Shah*⁷⁵. The defendant in that suit has filed an appeal to the Privy Council, and the appeal is still pending. The present suit was filed on 3-4-1934. The plaintiff alleges that the process used by the defendants for bleaching betel-nuts is a colourable imitation of his own, and that they are thereby infringing his patent rights. The patent is in respect of a process which has been described in the specification annexed to the grant of the Letters Patent. The specification is headed "Improvements in and relating to the treatment of dried fruits", and it particularly describes and ascertains the nature of the plaintiff's invention and the manner in which the same is to be performed. The invention consists in soaking the dried fruits in a one per cent solution of sulphuric acid for about fifteen minutes, followed by an immersion of the soaked fruit in a three per cent solution of bleaching powder in which it is frequently stirred for about ten minutes, and subsequently in a two per cent solution of acetic acid in which it is again stirred for about twenty-five minutes. The fruit is then washed with clean water and subjected to the action of sulphur dioxide fumes or gas in a closed chamber under pressure of 5 lbs. to a square inch for about an hour. The sulphur dioxide fumes are forced into the chamber after being generated in an oven by burning sulphur in it, the oven being located outside

75. AIR 1934 Bom 407; (1934) 36 Bom LR 881; 153 IC 481.

the chamber. The chamber is fitted with a chimney in the roof with a valve at the upper outlet. After the fruit is thus subjected to pressure the valve is opened, and the fumes are allowed to escape. The fruit is then exposed for about half an hour to hot air blown into the chamber in order to remove the moisture on the fruit. The chamber is then opened, and the fruit removed and placed in the open air for about an hour for being dried before it is filled in bags for the market. At first the sulphur dioxide fumes were injected into the closed chamber by steam, but later on by air. This part of the process is called gasification. The specification also contains a description of the old method, which was employed for treating dried fruits with sulphur fumes. The fumes were generated by burning powdered sulphur in "sigrees" or coal stoves put into a chamber, the door of which was closed and made smoke-tight by applying "cow dung" to the joints, the almonds remaining in contact with the sulphur smoke thus generated for about eight hours.

At the foot of the specification is a statement of the plaintiff's claims, as it is provided by Section 4(3) of the Act that the specification must commence with a title and end with a distinct statement of the invention claimed. There are three claiming clauses at the end of the specification. The first clause describes the process of treating dried fruits by the use of sulphuric acid in solution followed by an immersion in bleaching powder and subsequently in a solution of acetic acid and finally subjecting the goods to the action of sulphur dioxide gas in a closed chamber for about an hour. The second clause mentions the treatment of dried fruits by the chemical solutions referred to in Claim No. 1 "supplemented by treatment with sulphur dioxide and hot air under pressure in a closed chamber substantially as herein described". The words "substantially as herein described" exercise a limiting effect on the claim by tying it more closely to the preceding description in the body of the specification. It may be here noted that the period of treatment inside the close chamber under the second claiming clause is the same, namely, about an hour. The third clause describes the apparatus used after saturation of the goods in the chemical solutions mentioned in Claim No. 1 consisting of a sealed chamber with a chimney and an outlet valve and a sulphur-burning oven and injector. The monopoly is thus defined by the claims and the monopoly is the consideration which the inventor seeks and secures.

The problem before the plaintiff was to find out a commercially successful process for bleaching almonds and betel-nuts white without in any way spoiling the kernel or affecting its taste, and the plaintiff claims that he has found out and is, therefore, the first and true inventor of such a process. Is that process as described in the specification, an invention within the meaning of the Act? The question was answered in the affirmative by the Appeal Court in *Lallubhai Chakubhai Jarivala v. Shamaldas*

*Sankalchand Shah*⁷⁶. That judgment cannot create an estoppel as against the defendants. But the validity of the patent has to be considered anew, as various additional defences have been taken and materials put forward by the defendants which were absent in the earlier suit. Section 2(8) defines "invention" as meaning "any manner of new manufacture", and includes an improvement and an alleged invention. Section 2(10) provides that "manufacture" includes any art, process or manner of producing, preparing or making an article, and also any article prepared or produced by manufacture. "Manufacture" therefore comprehends not only the production of an article, but also the means or method of producing it, so that a new process or the improvement of an old process can be a manufacture within the meaning of the Act. The word "art" is sometimes used as an equivalent of manufacture. The subject-matter of a patent must be a new manufacture or art, for, if there is no new manufacture or art, there is no subject-matter and therefore no invention. The question whether there is an invention is a question of fact in each case. A new and useful application of an old principle may be good subject-matter. An improvement on something known may also afford subject-matter; so also a new combination of different matters already known. A patentable combination is one in which the component elements are so combined as to produce a new result or to arrive at an old result in a better or more expeditious or more economical manner. If the result produced by the combination is either a new article or a better or a cheaper article than before, the combination may afford subject-matter for a patent. The mere collocation of two or more things, however, without some exercise of the inventive faculty in combining them is not subject-matter for a patent. In the case of a combination the inventor may have taken a great many things, which are common knowledge and acted on a number of principles, which are well known. If he has tried to see which of them, when combined, produce a new and useful result, and if he succeeds in ascertaining that such a result is arrived at by a particular combination, the combination will, generally speaking, afford subject-matter for a patent.

The next question for consideration is, whether the plaintiff claims his patent for a new combination made up of its component parts, sometimes called the subordinate integers, or whether the first claim in the specification is a separate invention by itself which has also been patented and therefore entitled to protection. [***** discussed *Clark v. Adie*⁷⁷, *Arnold v. Bradbury*⁷⁸, *Parkinson v. Simon*⁷⁹, *Harrison Patents Co. Ltd. v. W.N.*

76. *Ibid.*

77. (1877) 2 AC 315; 46 LJ Ch 585; 36 LT 923, 321.

78. (1871) LR 6 Ch App 706.

79. (1894) 11 RPC 493 (CA).

*Nicholson Sons Ltd.*⁸⁰, dealing with construction of claims and specifications and continued.]

To use the language of the Lord Chancellor in *Clark v. Adie*⁸¹ is the first claim "an invention which is a subordinate integer in the larger invention?" It is incumbent on the patentee to particularly describe and ascertain the nature of his invention in the specification, as the ambit of his invention is circumscribed by the claims. The construction of a specification is a matter of law and is for the Court. It must be construed as a whole. The claiming clauses are an important part of the specification and they must be fairly construed in reference not only to the specification, but also to the title. The proper way to read specification is, as was pointed out in *Arnold v. Bradbury*⁸², not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to patent. The plaintiff's counsel in his closing address argued that the plaintiff claimed patent not only for the combination, but for the first claim as a separate invention by itself. He did not, however, say so in his opening, and that is not the case made out in the plaint, nor does it appear from the plaintiff's evidence. It has been pointed out by Lord Esher MR in *Parkinson v. Simon*⁸³ that as far as possible the claims must be so construed as to give an effective meaning to each of them, but the specification and the claims must be looked at and construed together in order to see whether there is a real and substantial difference between the claims, or whether one is practically a repetition of the other. The specification itself describes one invention only in its separate parts, and the manner in which it is to be performed. The invention is not described in a way which upon the ordinary rules of construction makes it clear that the plaintiff as the patentee has had in his mind and intended to claim protection for the subordinate integers also, as being in themselves matters which ought properly to form the subject of a patent of invention.⁸⁴ If that was his intention, he must, as pointed out by the Lord Chief Justice in *Harrison Patents Co. Ltd. v. W.N. Nicholson Sons Ltd.*⁸⁵ tell the world so on the face of his specification. A specification must be construed impartially, and the Court is generally slow to construe it against the patentee. But the construction must not only be a "benevolent", but a reasonable one. On reading the specification and the claims together, I cannot say that the first claim has been clearly put

80. (1908) 25 RPC 393.

81. (1877) 2 AC 315; 46 LJ Ch 585; 36 LT 923.

82. (1871) LR 6 Ch App 706, 712.

83. (1894) 11 RPC 493 (CA).

84. See, *Clark v. Adie*, (1877) 2 AC 315; 46 LJ Ch 585; 36 LT 923.

85. (1908) 25 RPC 393.

forward as a separate invention by itself. It refers to the treatment of dried fruit by means of the chemical solutions mentioned in it and then subjecting them to the action of sulphur dioxide gas in a closed chamber for about an hour. The second claim refers to the treatment of dried fruit by means of the chemical solutions mentioned in Claim No. 1, supplemented by treatment with sulphur dioxide and hot air under pressure in a closed chamber substantially as herein described.

It was argued that the closed chamber contemplated in Claim No. 1 is distinct from the closed chamber contemplated in Claim No. 2, and that the chamber in Claim No. 1, may or may not be pressure-tight, whereas the chamber in Claim No. 2 is such. If that was so, it ought to appear clearly from the specification, but in the specification the plaintiff's invention has been described as consisting in treating dried fruits by means of chemical solutions and then placing the fruit in a closed chamber and treating it under pressure with sulphur dioxide and hot air. That closed chamber is the chamber referred to in Claim No. 2. In my opinion Claim No. 2 is the real claim and the real object of the plaintiff's patent. This also appears from Claim No. 3, which describes the apparatus for treating dried fruit in a closed chamber, which is pressure-tight. In the plaint the plaintiff speaks of one invention only and complains of its infringement by a colourable imitation. The breaches complained of in Ex. B to the plaint are the particulars of the alleged infringement of that process. That infringement is his definite cause of action against the defendants. Having specified he is bound to prove it, and it is by that cause of action that he must stand or fall.

The plaintiff refers in para. 3 of the plaint the "pith and essence" of his process, but he has not described what it is. He has, however, in his cross-examination stated that the pith and essence of his process is the combination of the use of bleaching powder and sulphur dioxide under pressure, and to make his meaning still more clear he has also stated that his whole process is a bleaching process in two parts, treatment with bleaching powder, and with sulphur dioxide under pressure. Further down in his cross-examination he stated that the merit of his process consisted in reducing the gasification to one hour, and this shortness of time he attributed to the use of pressure. In my opinion it is not enough to say that each one of the claims is a separate invention by itself because there are three claiming clauses; nor can it be said that the plaintiff has definitely and clearly alleged in the plaint that Claim No. 1 is a separate invention merely because the whole specification is annexed to the plaint. It is also not enough in order to make Claim No. 1 a separate invention, to say that the use of bleaching powder in combination with sulphur dioxide was not known in British India for treating almonds, betel-nuts, etc. It is not this combination that is claimed as a new invention and

patented, but the combination of bleaching powder and sulphur dioxide under pressure.

The specification was also construed in the earlier suit, *Lallubhai Chakubhai Jarivala v. Shamaldas Sankalchand Shah*⁸⁶ and both the learned Judges of the Appeal Court pointed out that the plaintiff's ingenuity and skill consisted in combining substances more or less previously known in a particular manner and in a particular sequence so as to prepare and produce an article which had not been produced before, and in overcoming the difficulties which existed even after a crude application of some of those substances previously. In arriving at my conclusion I do not rely merely on the judgment of the Appeal Court, but upon the specification itself, and the claims and the plaintiff's case as made out, both in the plaint and in the evidence. It was not put to the plaintiff, nor did he suggest in his evidence, that Claim No. 1 was a separate invention itself. It is the combination that is claimed as an invention, and it is the combination that in my opinion was patented. The two features necessary to the validity of a patent are novelty and utility but the real test is the novelty of the invention. Novelty is essential, for otherwise there would be no benefit given to the public and consequently no consideration moving from the patentee. The plea of want of subject-matter is included in the plea of want of novelty. Under Section 38 of the Act an invention shall be deemed a new invention (a) if it has not, before the date of the application for patent thereon, been publicly used in any part of British India or made publicly known in any part of British India, and (b) if the inventor has not by secret experimental user made direct or indirect profits from his invention in excess of what the Court may deem reasonable consideration of all the circumstances.

There must therefore be an absence of prior publication or of prior public user; and if the user is secret or experimental, the profits made by the inventor from his invention must not be excessive. These are the points which are covered by Issues 8 to 11 in the suit. According to the decision of the Appeal Court in *Lallubhai Chakubhai Jarivala v. Shamaldas Sankalchand Shah*⁸⁷, there is a distinction under the section between public user and private user only, but the Appeal Court has not distinguished between public user of the invention by working it commercially and public user of the invention for the purposes of publication. The prior public user of the invention for the purposes of trade may, in certain cases defeat a patent for want of novelty quite apart from the question of publication. It is pointed out by the Appeal Court⁸⁸ that if the patentee treats the almonds or betel-nuts by his process openly so that anybody can come and see what the process is, there will

86. AIR 1934 Bom 407; (1934) 36 Bom LR 881; 153 IC 481.

87. *Ibid.*

88. *Ibid.*, 886.

be a public user of the process which will disentitle him from applying for Letters Patent. That is a public user of the invention from the point of view of publication or making it publicly known. There is an issue in this suit as to open manufacture by the plaintiff before the date of his application for the patent in July 1931. The plaintiff was cross-examined, and defendants have led some evidence about it. It was argued on behalf of the defendants that the plaintiff had made his process publicly known by working it in the presence of persons who were in the position of outsiders qua the process and under no injunction as to secrecy, that the evidence showed that no special precautions were taken by the plaintiff, nor was any watchman engaged for the purpose of keeping persons out, that various persons walked in and out of the factory of Harakhchand Shivji and Co., whenever they wanted, and that even as against Varmani there was an injunction as to secrecy only after December 1930, when the plaintiff went out of Bombay for his marriage, whereas the plaintiff had even before then revealed the process to him. Defendants also rely on a statement made in the affidavit of Premji Khetsey, who was an assistant manager of the factory.

[***** discussed the evidence available and continued.] There is not, in my opinion, sufficient and cogent evidence to establish that before the application plaintiff had made his process publicly known, nor any reason for doubting the plaintiff's word that secrecy was observed. Nor has it been shown that betel-nuts were treated by other merchants according to the plaintiff's process before the date of the application.

The next point to consider is whether the plaintiff's invention has been anticipated by prior public knowledge; for it is clear that if the public has once become possessed of the knowledge of the invention before the date of the application, no patent subsequently granted will be valid. Has the patentee, therefore, added to the stock of public knowledge, or is what he has done a mere development of pre-existing knowledge relating to the subject-matter of the patent, such as a man skilled in a particular art or craft or grade to which the invention is related might be expected to make? Plaintiff had to perform numerous experiments in order to arrive at the result he has obtained, and if such experiments were necessary for the purpose, the inference in his favour would be strong that such result was not obvious but constitutes a real addition to public knowledge. The inference is, however, rebuttable, for it is possible that in spite of the experiments, inventor may have done nothing more than rediscover what was old. It is, therefore, necessary to consider the state of the prior or pre-existing knowledge on the subject-matter of the patent. Plaintiff has admitted that bleaching powder is a well-known bleaching agent and was used for bleaching jute, hemp and paper pulp, but not for bleaching dried fruits before. He also stated that sulphur dioxide in gaseous form without pressure was also in use for bleaching dried fruits, and it was

used under pressure for bleaching woollen and cotton fabrics and paper pulp. A combination of bleaching powder and sulphur dioxide in solution was also in use for bleaching paper pulp. Defendants, on the other hand, say that the use of bleaching powder as a bleaching agent in the case of dried fruits was known long prior to the plaintiff's application and so also was the use of bleaching powder in combination with sulphur dioxide, and for that purpose they want to rely on certain earlier publications in documents as a form of anticipation which invalidates the patent subsequently granted. Two questions thereupon arise for consideration in connection with those earlier publications.

Was there in the first place sufficient publication, and did the document or documents so published and relied upon furnish sufficient knowledge? As to the sufficiency of the publication it is necessary that the publication of the knowledge must be within the realm, and so far as we are concerned, it must be a publication in British India. We have got to ascertain whether the public had access to these publications in British India in order to learn the knowledge they contained. It may not be necessary that members of the public should have actually read it. It is enough if the publication is accessible to the public without much trouble, *e.g.*, if the document is to be found in the library of the Government Patent Office in Calcutta, or on the shelves of a public library in any known place in India, or of a library appertaining to an educational or scientific institution and easily accessible. With regard to the sufficiency of the knowledge, the earlier publication must give the requisite knowledge clearly, and it is not enough that it merely gives the means of attaining such knowledge. It must give sufficient information to a workman skilled in the particular art or craft in order to enable him to carry out the invention. How far that knowledge anticipates the new invention is again a question of fact depending on the facts and circumstances of each case. Even where the prior document and the present specification are identical or nearly identical in language, it does not necessarily follow that the Court must conclude that the first is an anticipation of the second, and often expert evidence is necessary to help the Court to consider what knowledge the prior publication could have conveyed to the mind of a person who had not the knowledge given by the invention in dispute.

[**** examined the publication produced by the defendants and concluded.]

In my opinion, therefore, the defendants cannot rely upon these earlier publications as anticipation. We have it in evidence that the plaintiff laboured long and almost continuously in his laboratory first in the Fort and then at Mazagaon. He performed sixty-five experiments on almonds and sixteen on betel-nuts, and kept a note of each of them in two notebooks written in German. The notes were made after completing each particular experiment. An attempt was made to discredit the notes by

suggesting that they were subsequently made up for the suit, but there is no foundation for that suggestion. It is true that the note of the last experiment dated 13-11-1930 on 100 lbs. of betel-nuts is not accurate, for the plaintiff said that he started with 100 lbs. and ultimately experimented on 6 lbs. only, filling three bags with betel-nuts weighing 2 lbs. each. He said that there may be other small inaccuracies in his notes, but taking them as a whole their accuracy has not been seriously challenged. The experiments are spread over a year and show how the plaintiff varied the treatment from time to time and ultimately arrived at his final process, in November 1930, with regard to almonds, and by the end of February 1931, with regard to betel-nuts. In my opinion it cannot be said that his process is a mere adaptation of known materials to uses analogous to those which have been applied before, involving no ingenuity, and therefore not capable of being the subject-matter of a patent. There was sufficient invention in the combination, and the combination has not been anticipated by prior publication.

The next question is, whether the plaintiff's invention has been anticipated by prior public user. Has it been publicly used by the plaintiff and/or by others before the date of the application? Public user does not mean a user or exercise of the invention by the public, but a user or exercise in a public manner; and it is in every case a question of fact. If the invention is being put into practice before and at the date of the grant, the grant will not be for a new invention or manufacture, and this applies equally whether the invention is being practised by the patentee himself or by others. A use of the invention for the purposes of trade may constitute a prior user which invalidates the patent, and it has been held that the prior public sale of goods or articles treated according to the invention is a public user of the invention, for the sale is strong evidence that the user was really commercial and not experimental. In order, however, for the sale to constitute sufficient evidence of public user it should be open and in the ordinary way of business.

Counsel argued that there was a prior public user by reason of the plaintiff allowing the firm of Harakhchand Shivji & Co. to put goods treated by his process on the market for sale as a part of their business. No record of these sales is forthcoming, and no one has been called by the plaintiff from Harakhchand Shivji & Co. But the plaintiff stated in his evidence that his process was used for that firm in the ordinary course of their business, and he believes it is being used even now. The firm bleached on an average ten tons of almonds per month after November 1930 and about one and a half tons of betel-nuts per month from March 1931, which increased to four and a half tons per month from and after May 1931. Plaintiff also said that he bleached as much as he was required to do, and he would have bleached even more, but did not, as Harakhchand Shivji & Co. were awaiting the results of the sales in the market. It was

pointed out by the Appeal Court in the same judgment to which I have referred before that in numerous cases a sale of articles treated by the plaintiff's new process in open market might amount to a public user of the process, because the article might be of such a character that the secret of its manufacture could easily be ascertained and sale would involve a disclosure of that secret and thus amount to a public user of the process. That is, however, only a way of making the process publicly known, for a publication may take various forms, but the publication of the invention by sale of the articles treated by it for the purposes of trade by the patentee or by others may constitute a prior user even if there is no publication. In *Hudson, Scott & Co. Ltd. v. Barringer, Wallis and Manners Ltd.*⁸⁹, rough and incomplete samples or specimens of tin-plate boxes were used to obtain orders from intending customers, and though the method of the manufacture was not apparent from the samples, and there was therefore no publication, it was still held that there was a prior public user before the date of the patent. That is the English Law, and, with due respect, I do not agree with the Appeal Court that on this point there is a difference between the law in England and Section 38 of our Act. But as that is the view of the Appeal Court, I am bound to follow it; and I must, therefore, hold that the sales of the betel-nuts in public did not amount to a public user of the invention on account of the nature of the article treated by it. I may point out that in the earlier suit which went up to the Appeal Court there was no evidence of the quantities of almonds that were treated by the plaintiff's process and then sold in the market, but according to the view of the Appeal Court the quantity of the goods sold may be immaterial, as the secret of the process cannot be detected, whatever may be the quantity of the goods sold.

There still remains the second part of Section 38 which deals with secret or experimental user. I have already held that there was no prior public user, and that the user by the plaintiff was not made known publicly and openly to the outside public, so that it might have formed an addition to the stock of public knowledge. The only person who really came to know of it was Varmani, and it was communicated to him in confidence. The user was therefore secret. The next point for consideration is whether the prior user was under the circumstances, of an experimental nature, or was it more than what was genuinely necessary for the inventor to satisfy himself as to the practicability of his invention? If it exceeds such limit and is carried on for profit, such a user will defeat the subsequent patent. But a distinction is drawn between the use of an invention for profit and the carrying out of experiment which turn out successful and only incidentally bring in profit to the inventor. It is not strictly correct to speak of "experimental user for profit", but

89. (1906) 23 RPC 79 (CA).

only to consider whether the inventor has made any profit incidental to the experimental user. In my opinion, the user was experimental, and I believe the plaintiff when he said that he was still awaiting the results of the sales in the market before treating even larger quantities by his process. Defendant's counsel, however, contended that it was not necessary for the purposes of an experimental user to enter into an agreement under which the plaintiff was to receive ₹ 300 per month so long as he continued to work his process for Harakhchand Shivji & Co., and as this amount was the maximum profit which the plaintiff could get out of his process, it must, under the circumstances of the case, be deemed to be excessive. There is no test nor any authority which lays down the limit beyond which the profits made by the inventor out of his invention are deemed excessive. It is the inventor's profit alone that has to be considered. Having bound himself down to ₹ 300 per month irrespective of any profits that would be made by Harakhchand Shivji & Co., so that he could not get more under any circumstances, I cannot say that the amount of ₹ 300 per month received by him from March till July 1931, when he applied for the patent, is really excessive. The patent had sixteen years to run and the only payment made to the plaintiff was for those few months only. In the result I hold that the plaintiff's invention is a new invention within Section 33 of the Act.

There is evidence about a demand by the public for dried fruits treated by it, and I accept that evidence. The invention is also practically useful for the purposes indicated by the inventor at the date when the patent was granted, and thus fulfils the test of utility also. The patent is, therefore, valid and its validity has already been certified by the Appeal Court in the other suit.

[***** Court discussed other objections contended by the parties including infringement and continued.]

A patent may sometimes be infringed by taking a part only of the invention, but that depends on whether the part for which protection is asked is a new and material part, especially in the case of a combination. If it is not new and material, the Court must consider what is the substance of the invention, and to do so it has to consider the relative importance of all the parts of the invention. The essential part or the substance of the plaintiff's invention is, in his own words, the use of pressure, and therefore there could be no infringement unless the use of pressure by the defendants in their process was proved. There is one other point to which I would briefly refer in conclusion. It may be arguable in the event of its being held that Claim No. 1 in the specification is a separate invention by itself, whether the defendants have committed an infringement of the same. According to them, if Claim No. 1 is an invention, the patent will be defeated for want of novelty on the ground that the process followed by the firm of Cooverji Raghavji Co., before

the date of the plaintiff's application is an anticipation of the invention. But I do not wish to deal with this question at length. The Court has in each case to consider whether or not the infringement come within the fair meaning of the claims. I have already held that the plaintiff's rights are, according to his specification, in the whole combination for which alone he has made a claim, that is a combination of bleaching powder and sulphur dioxide under pressure, and a patent for a combination is not infringed by taking separately the integers comprised in it. The use of pressure by the defendants in their process has not been satisfactorily proved, and there is therefore no infringement of the combination. In the result the suit will be dismissed, but I make no order as to costs.

Suit dismissed.

POINTS FOR DISCUSSION

1. Examine the concept of novelty.
2. What was the Court attempting by bringing in the requirement of "inventive faculty" as part of patentability conditions?
3. What does the Court mean by "inventive faculty"? What are the tests laid down for identifying "inventive faculty"? Is it in consonance with the definition of inventive step in Section 2 of the present Act?
4. What should be the nature of the publication in order to constitute "prior publication"? When does prior publication amount to anticipation?
5. Why was the required publication limited to British India? Compare the law with the present position. What according to you are the reasons for the change in law?
6. Do you think that the act of defining patentability requirements like novelty, inventive step and industrial application introduced by the 2002 and 2005 Amendment Acts is in the right direction having in view of the fact that the TRIPS Agreement permitted the member countries the flexibility to define them?
7. What constitutes "prior use"?
8. What prompted the Court to hold that there is no "prior use" and "prior publication" in this case? Are the findings of the Court correct according to you? What are the implications of qualifying the requirement of "prior use" as one enabling the invention commonly known?
9. Do you think that the Court's opinion in this case to the effect that though the patent was used commercially prior to the patent application it is insufficient to constitute anticipation is correct?
10. What is the implication of this judgment to Section 3 of the Patents Act?

11. What could be the possible current interpretation of "novelty" in view of the changes made into the Indian Patents Act after this decision?
12. Critically examine the changes brought into the patentability requirements after the 1911 Act.

Test of inventive step

BISHWANATH PRASAD RADHEY SHYAM
v. HINDUSTAN METAL INDUSTRIES
(1979) 2 SCC 511: AIR 1982 SC 1444

(JUSTICE R.S. SARKARIA, JUSTICE
TULZAPURKAR AND JUSTICE A.P. SEN)

JUSTICE R.S. SARKARIA

These two appeals on certificate arise out of a common judgment and decree, dated 18-1-1966, of a Division Bench of the High Court of Allahabad. The facts material to these appeals may be set out as under:

Hindustan Metal Industries, respondent herein, (hereinafter called "the plaintiff") is a registered partnership firm carrying on the business of manufacturing brass and German silver utensils at Mirzapur. Bishwanath Prasad Radhey Shyam, appellant herein, (hereinafter called "the defendant") is a concern carrying on the business of manufacturing dishes and utensils in Mirzapur.

On 8-8-1953, the plaintiff instituted a suit for injunction and damages, preceded by a notice, served on the defendant on 9-9-1952, in the Court of the District Judge, Allahabad, within whose jurisdiction Mirzapur is situated, with these allegations.

The old method of manufacturing utensils, particularly shallow dishes, was to turn scrap and polish them on some sort of headstock without a tailstock, the utensils either being fixed to the headstock by thermoplastic cement or held in the jaws of a chuck fixed to the headstock. This system was, however, fraught with risk to the workers inasmuch as the utensils used to fly off from the headstock. Consequently, with a view to introduce improvement, convenience, speed, safety and better finish, Purshottam Dass, one of the partners of the plaintiff firm, invented a device and method for the manufacture of utensils, in 1951. The plaintiff after filing the necessary specifications and claims in the Patent Office, got the alleged invention patented under the Indian Patents and Designs Act, 1911 (hereinafter called "the Act"), at No. 46368-51 on 6-5-1953 with effect from 13-12-1951 as assignee of the said patent. By virtue of this patent, the plaintiff acquired the sole and exclusive right of using this method and means for the manufacture of utensils. In September

1952, the plaintiff learnt that the defendant was using and employing the device and method of manufacturing dishes under the former's patent. The plaintiff served a notice upon the defendant asking him to desist from infringing the plaintiff's patent, but the defendant continued to infringe the patent.

On the preceding facts, the plaintiff prayed for a permanent injunction restraining the defendant from adopting, imitating, employing or in any manner infringing the device of the plaintiff's patent. The plaintiff further prayed for a mandatory injunction requiring the defendant to destroy the articles used for the infringement of his patent. The plaintiff further claimed a decree for ₹ 3000 as damages.

The defendant resisted the suit on various grounds, out of which those which are material for the decision of these appeals are: that the defendant's firm is an old concern carrying on the manufacture of metal wares since long; that the method covered by the plaintiff's patent, namely, that of a lathe (headstock, adapter and tailstock) has been known and openly and commonly in use in the commercial world all over the country for several decades before the plaintiff's patent; that the alleged invention of the plaintiff was not on the date of the patent, a manner of new manufacture or improvement, nor did it involve any inventive step or ingenuity having regard to what was known or used prior to the date of the patent; and that the patent has no utility and therefore it was liable to be revoked. The defendant also filed a counterclaim, praying for revocation of the patent on the same grounds, which he had set out in the written statement. [***** referred to the revocation claim filed by the defendant, the observation of the lower court and arguments of parties and continued.]

Before dealing with these contentions let us have a general idea of the object, the relevant provisions and the scheme of the Act. The object of patent law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which, after the expiry of the fixed period of the monopoly, passes into the public domain. The fundamental principle of patent law is that a patent is granted only for an invention, which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor's own discovery as opposed to mere verification of what was already known before the date of the patent.

"Invention" means any manner of *new* manufacture and includes an improvement and an allied invention⁹⁰. It is to be noted that unlike the

Patents Act, 1970, the Act of 1911 does not specify the requirement of being useful in the definition of "invention". But courts have always taken the view that a patentable invention, apart from being a new manufacture, must also be useful. The foundation for this judicial interpretation is to be found in the fact that Section 26(1)(f) of the 1911 Act recognises lack of utility as one of the grounds on which a patent can be revoked.

"Manufacture" according to the definition of the term in Section 2(11) of the Act, includes not only "any art, process or manner of providing, preparing or making an article" but also "any article prepared or produced by the manufacture".

It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an "inventive step". To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before. The combination of old, known integers may be so combined that by their working interrelation they produce a new process or improved result. Mere collection of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent. "It is not enough", said Lord Davey in *Riekmann v. Thierry*⁹¹ "that the purpose is new or that there is novelty in the application, so that the article produced is in that sense new, but there must be novelty in the mode of application. By that, I understand that in adopting the old contrivance to the new purpose, there must be difficulties to be overcome, requiring what is called invention, or there must be some *ingenuity* in the mode of making the adoption". As Cotton LJ put it in *Blackey v. Lathem*⁹² "to be new in the patent sense, the novelty must show invention". In other words, in order to be patentable, the new subject-matter must involve "invention" over what is old. Determination of this question, which in reality is a crucial test, has been one of the most difficult aspects of patent law, and has led to considerable conflict of judicial opinion.

This aspect of the law relating to patentable inventions, as prevailing in Britain, has been neatly summed up in *Encyclopaedia Britannica*⁹³. Since in India also, the law on the subject is substantially the same, it will be profitable to extract the same hereunder:

A patent can be granted only for 'manner of new manufacture' and although an invention may be 'new' and relate to a 'manner of manufacture' it is not necessarily a 'manner of new manufacture'—it may be only a normal development of an existing manufacture. It is a necessary qualification of a

91. (1896) 14 RPC 105 (HL).

92. (1888) 6 Pat Ca 184.

93. *Encyclopaedia Britannica*, Vol. 17, 453.

90. S. 2(8) of 1911 Act.

craftsman that he should have the knowledge and ability to vary his methods to meet the task before him—a tailor must cut his cloth to suit the fashion of the day—and any monopoly that would interfere with the craftsman's use of his skill and knowledge would be intolerable.

A patentable invention, therefore, must involve something which is outside the probable capacity of a craftsman—which is expressed by saying it must have 'subject-matter' or involve an 'inventive step'. 'Novelty' and 'subject-matter' are obviously closely allied Although these issues must be pleaded separately, both are invariably raised by a defendant, and in fact, 'subject-matter' is the crucial test, for which there may well be novelty not involving an 'inventive step', it is hard to conceive how there can be an 'inventive step' without novelty.

Whether an alleged invention involves novelty and an "inventive step" is a mixed question of law and fact, depending largely on the circumstances of the case. Although no absolute test that is uniformly applicable in all circumstances can be devised, certain broad criteria can be indicated. Whether the "manner of manufacture" patented, was publicly known, used and practised in the country before or at the date of the patent? If the answer to this question is "yes", it will negative novelty or "subject-matter". Prior public knowledge of the alleged invention, which would disqualify the grant of a patent, can be by word of mouth or by publication through books or other media. "If the public once becomes possessed of an invention", says Hindmarch on Patents "by any means whatsoever, no subsequent patent for it can be granted either to the true or first inventor himself or any other person; for the public cannot be deprived of the right to use the invention ... the public already possessing everything that he could give."

The expression "does not involve any inventive step" used in Section 26(1)(e) of the Act and its equivalent word "obvious", have acquired special significance in the terminology of patent law. 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 LJ in *Rado v. John Tye & Son Ltd.*⁹⁴ is apposite. 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."

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 draftsman (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

94. 1967 RPC 297 (CA).

invention, would he have said, 'this gives me what I want?'⁹⁵ 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?"⁹⁶

With the aforesaid prefatory survey, we now turn to the 1911 Act. The Act provides various checks to prevent an invalid patent being granted which does not involve any inventive step or a manner of new manufacture or improvement. The procedure for obtaining an exclusive privilege under this Act (before the Amending Act 39 of 1970), may be described as below:

[***** briefly described the procedure for granting patent in India and continued.]

Although the defendant had both in his defence and in the counter-claim for revocation of the patent pleaded six grounds mentioned in clauses (d), (e), (f), (g), (i) and (b) of Section 26(1), yet, in this appeal before us the controversy has narrowed down into two issues: (i) whether the patent was not at the date of the patent, a manner of new manufacture or improvement; (ii) whether the invention does not involve any inventive step, having regard to what was known or used prior to the date of the patent? At the trial, Biswanath Prasad Radhey Shyam had examined 9 witnesses to show that the method of manufacture described in the patent has been publicly known and in use at Mirzapur and elsewhere long before 1951. On the other hand, the patentee firm, Hindustan Metal Industries, examined 4 witnesses to prove that the work of scraping and polishing of utensils formerly done at Mirzapur, was on crude machines and that the machine (Ex. CC) developed by the patentee is a distinct improvement over the machines of the old type.

The learned trial Judge, after a careful appraisal of the evidence produced by the parties, found that the following facts have been established: (i) the manufacture of utensils is an old industry at Mirzapur and at other places in U.P. and in other parts of India; (ii) lathe is a well-known mechanism used for spinning and a number of other processes; (iii) adapters were in use for holding turnably articles of suitable sizes, for holding plates and dishes, also, were in use before 1951; (iv) the tailstock was probably used in this industry before 1951; (v) no bracket or angle, as used in the defendant's machine (Ex. CC) appears to have been used in this industry before 1951; (vi) work on plates and dishes was suspended at Mirzapur for a few years before 1951.

95. *Encyclopaedia Britannica*, Vol. 17, 453.

96. *Halsbury*, Vol. 29 (3rd Edn.) 42 referred to by Vimadalal J of Bombay High Court in *Farbwerke Hoechst Aktiengesellschaft Vormals Meister Lucius and Bruning Corpn. v. Unichem Laboratories*, AIR 1969 Bom 255; 1969 CN 42.

The trial Judge then found that mere addition of a bracket did not amount to a novelty. He further observed that Circumstance VI was of a neutral character because it could not be definitely held that the work had been suspended due to a defect in the contrivance which was then in use. It might well be due to labour trouble as the witnesses examined by the appellant had deposed. From Circumstances I, II, III and IV, inspection of the machines (Ex. CC and Ex. XVI), produced by the appellant and the other material on record, the trial court found both issue, set out above, against the patentee-firm.

We have ourselves examined the evidence on record with the aid of the learned counsel for the parties, and have ourselves compared the machines (Ex. CC and Ex. XVI) which were produced before us. We do not want to rehash the evidence. Suffice it to say, we do not find that any piece of evidence has been misread, overlooked or omitted from consideration. The view taken by the trial court was quite reasonable and entitled to due weight. In our opinion, it did not suffer from any infirmity or serious flaw which would have warranted interference by the Appellate Bench.

Be that as it may, from the discussion that follows, the conclusion is inescapable that the invention got patented by Hindustan Metal Industries, respondent herein, was neither a manner of new manufacture nor a distinctive improvement on the old contrivance, involving any novelty or inventive step having regard to what was already known and practised in the country for a long time before 1951.

Let us now have a look at the invention described in the specifications and the "claims" in the patent in question. In the provisional specification, the title or subject of the patent is described as follows: "Method of and means for mounting metallic utensils or the like on lathe for turning them before polishing." The title of the patent mentioned in the complete specification is as under: "Means for holding utensils for turning purposes." Then follows a description of the old method of manufacture, and it is stated:

This invention relates to means for mounting metallic utensils for the purpose of turning the same before polishing and deals particularly, though not exclusively, with utensils of the type which cannot be conveniently and directly gripped by the jaws of the chucks and where the utensil tends to slip off the chuck and a certain amount of risk is involved in applying the tool in the turning operation.

Thereafter, the new method of manufacture is described with reference to three figures or sketches. The crucial part of this specification runs as below:

According to a preferred feature of this invention the pressure end of the pressure spindle is rotatably mounted and for this purpose it comprises an

independent piece engaged by a hollowed end in a spindle, said hollowed end being preferably fitted with ball bearings to enable the said independent piece to revolve with friction when it is in contractual relationship with the utensil. This independent piece may have a forward pointed end or said forward end may be a blunt end, the pointed end or the blunt end as the case may be, being firmly held against the utensil. The blunt end may, for example, be of 1 cm in diameter.

Then, at the foot of the complete specification, 9 claims are set out, which read as under:

1. Means for mounting and holding metal utensils more particularly of the shallow type for the purpose of turning before polishing comprising a shaft or spindle carrying at its one end an adapter having a face corresponding to the shape of the article or utensil to be held, the utensil being maintained in held position by an independent pressure on the utensil when seated on the adapter.
2. Means for the purpose herein set forth and as claimed in Claim 1 in which the pressure spindle is adapted to pass through a guide block and has a regulating handle at the outer end, the inner end of the spindle pressing against the utensil, means being provided to set and lock the pressure spindle in any desired position.
3. Means as claimed in Claims 1 and 2 in which the pressure end of the pressure spindle is rotatably mounted and for this purpose it comprises an independent piece engaged by a hollowed end in a spindle, said hollowed end being preferably fitted with ball bearings to enable the said independent piece to revolve with friction when it is in contractual relationship with the utensil.
4. Means as claimed in previous claims in which the pressing or inner end of the pressure spindle is pointed or blunt.
5. Means as claimed in Claim 1 in which the pressure spindle passes through a bracket or the like and said bracket may comprise the arm of an angle-shaped bracket whose other arm may be fixed to a stand or the like.
6. Means as claimed in Claims 1, 2 and 3 in which the pressing end of the spindle may be a fixed end or a revolving end.
7. Means as claimed in Claim 1 in which the adapter is shaped to suit the utensil.
8. Means as claimed in Claim 1 in which the adapter is made of wood or any other material.
9. Means for holding the utensil for the purpose herein set forth and substantially as described and illustrated and utensils so turned.

As pointed out in *Arnold v. Bradbury*⁹⁷ the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to

97. (1871) LR 6 Ch App 706.

patent. In *Parkinson v. Simon*⁹⁸, Lord Esher MR enumerated that as far as possible the claims must be so construed as to give an effective meaning to each of them, but the specification and the claims must be looked at and construed together.

The learned trial Judge precisely followed this method of construction. He first construed and considered the description of the invention in the provisional and complete specifications and then dealt with each of the claims, individually. Thereafter, he considered the claims and specifications as a whole, in the light of the evidence on record. With regard to Claim 1, the learned Judge commented: "The pressure spindle in a lathe is a well-known contrivance. Pressure spindle or a tailstock was in use in this industry much before 1951. So neither the means for mounting and holding metallic utensil nor the independent pressure spindle can be said to be an invention."

In Claims 3, 4, 6 and 7, also, he found no novelty or inventive step having regard to the fact that these were well known and were in use long before 1951. Regarding Claim 5, he found that the use of bracket was new; but the end bracket can hardly be said to be an invention.

[**** discussed the evidence followed by the trial Judge and continued.] In our opinion, the findings of the learned trial Judge to the effect that the patent is not a manner of new manufacture or improvement, nor does it involve any inventive step having regard to what was known or used prior to the date of patent, should not have been lightly disturbed by the Appellate Bench. These were, as already observed, largely findings of fact, based on appreciation of the evidence of witnesses and the trial court had the initial advantage of observing their demeanour in the witness box. Moreover, the approach adopted by the trial court was quite in conformity with the basic principles on the subject, noticed in an earlier part of this judgment. The patented machine is merely an application of an old invention, known for decades before 1951, for the traditional purpose of scraping and turning utensils, with a slight change in the mode of application, which is no more than a "workshop improvement", a normal development of an existing manner of manufacture not involving something novel which would be outside the probable capacity of a craftsman. The alleged discovery does not lie outside the track of what was known before. It would have been obvious to any skilled worker in the field, in the state of knowledge existing at the date of patent, of what was publicly known or practised before about this process, that the claim in question *viz.* mere addition of a lever and bracket did not make the invention the subject of the claim concerned. There has been no substantial exercise of the inventive power or innovative faculty. There is no evidence that the patented machine is the result of any research, independent thought,

98. (1894) 11 RPC 493 (CA).

ingenuity and skill. Indeed, Sotam Singh frankly admitted that he did not know whether Purshottam had made any research or any experiments to produce this combination. Nor does this combination of old integers involve any novelty. Thus judged objectively, by the tests suggested by authorities, the patent in question lacked novelty and invention. We will close the discussion of trial court's judgment by referring to a decision of the House of Lords in *Harwood v. Great Northern Railway Co.*⁹⁹ [**** discussed the fact and observed.] On these facts, it was held that what was claimed as an invention was not a good ground to sustain a patent. Blackburn LJ succinctly summed up the rule of the decision, thus:

In order to bring the subject-matter of a patent within this exception, there must be invention so applied as to produce a practical result. And we quite agree with the Court of Exchequer Chamber that a mere application of an old contrivance in the old way to an analogous subject, without any novelty or invention in the mode of applying such old contrivance to the new purpose is not a valid subject-matter of a patent.

The above enunciation squarely applies to the facts of the present case. We will now consider the judgment of the Appellate Bench, which, it may be recalled, has found that the novelty and invention of the patent lay in "the method of holding an article by the pressure of a point of a pointed tailstock" which was neither used or known. This finding, if we may say so with respect, is inconsistent with the Appellate Bench's own findings (5) and (6), the consolidated substance of which is to the effect, that lathe consisting of a headstock and a tailstock and its use for centering the article, holding along work by a pointed tailstock by pivoting it and holding an article in metal spinning by the pressure of a pad attached to the tailstock, have been well known for a long time. Finding (7) of the Appellate Bench goes beyond the scope of the specifications and claims made by the patentee himself in the subject of the patent. From a perusal of the specification and the "claims", extracted earlier, it is evident that there is no assertion therein, of novelty for the pointed tailstock; rather it is stated that "the pressure spindle may be pointed or blunt". Furthermore, this finding of the Appellate Bench stands in contradiction to what Sotam Singh (DW 3), patentee himself, has admitted in the witness box. In cross-examination, Sotam Singh (DW 3) said: "I am not using any other pointer than that of Ex. CC. I never used pointer of any other type. I have not used any rotating pointer either at Banaras or at Mirzapur If anybody uses a wooden adapter in a chuck and does scraping work on a Katore in such a wooden chuck without a pointer, there would be no infringement of my patent I conducted no experiments before obtaining the patent. I do not know what kind of experiments Purshottam carried out. I have got no apparatus for

99. (1864) 11 HL Cas 654.

scraping utensils except like Ex. CC." Sotam Singh further admitted that machines like Ex. XVI (the one which was produced by the appellant and is said to infringe the patent of the respondent-firm) are sold in the market and one can purchase a pointer like Ex. XI in a lathe.

In the face of the admissions of the representative of the patentee, it was not possible for the Court to work out Finding (7) on its own, without allowing itself to get into the unenviable position of appearing more Royalist than the King. We have ourselves examined and compared the machines (Ex. CC and Ex. XVI). We find that the tailstock in each of these machines has blunt end of slightly above 1 cm in diameter. It may be re-emphasised that according to Sotam Singh, himself, his patented machine has no other end of tailstock excepting of the (blunt) type in Ex. CC.

For all the reasons aforesaid, we have no hesitation in holding that the learned Judges of the Appellate Bench were in error in reversing the findings of the trial court on Issues 1 and 1-A. The learned trial Judge was right in holding that the patented machine was neither a manner of new manufacture or novel improvement, nor did it involve any inventive step, having regard to what was publicly known or used at the date of the patent. The grant of the patent in question was, therefore, invalid and was liable to be revoked on the grounds mentioned in clauses (d) and (e) of Section 26(1) of the patent. Before parting with this judgment, we will like to dispose of another argument of Mr Mehta. The argument is that since the courts below have concurrently held that the invention had utility, the patent should be sustained. We are unable to accept this contention. As pointed out already, the crucial test of the validity of a patent is whether it involves novelty and an "inventive step"? That test goes against the patentee.

In the result, the appeals are allowed, the judgment of the Appellate Bench is set aside and that of the trial court restored. In the peculiar circumstances of the case, the parties are left to bear their own costs throughout.

POINTS FOR DISCUSSION

1. Identify the factors that influenced the Court to conclude that there is no inventive step involved in this case.
2. Has the change in the definition of "invention" introduced into the Patents Act by the Amendment Act, 2005 made any difference to the law laid down in this case?
3. Examine the test for inventive step applied in this case. Is this different from the test adopted by the Bombay High Court in *Lallubhai Chakubhai Jarivala v. Shamaldas Sankalchand Shah*, AIR 1934 Bom 407: (1934) 36 Bom LR 881: 153 IC 481?

4. The Court has at one place equated "inventive step" with that which "must produce a new result, or a new article or a better or cheaper article than before". What would be the probable consequence of such an interpretation?
5. Distinguish between the standards of novelty and inventive step.
6. What are the criteria for identifying the level of skill required by the "skilled man in the art"? Who is a skilled man in the art? Is this still valid in the light of the definition of inventive step in the Patents Act?

EXERCISE

1. In order to understand the standards of inventive step/non-obviousness, applied in the UK and the US courts, read *Windsurfing International v. E.C. Commission*, 1986 ECR 611: 1988 FSR 139: (1986) 3 CMLR 489; *ECJ General Tire & Rubber Co. v. Firestone Tire & Rubber Co. Ltd.*, 1972 RPC 457 (CA); *Graham v. John Deere Co.*, 15 L Ed 2d 545: 383 US 1 (1966) and *KSR International Co. v. Teleflex Inc.*, 167 L Ed 2d 705: 550 US 398 (2007).
2. Read *Monsanto Co. v. Coramandal Indag Products (P) Ltd.*, (1986) 1 SCC 642: AIR 1986 SC 712 and find out the validity of the patent applying the test of inventive step laid down in this case.
3. Read also *Press Metal Corpn. Ltd. v. Noshir Sorabji Pochkhanawalla*, AIR 1983 Bom 144: ILR 1983 Bom 805 and examine the standard of inventive step insisted by the Court.

Test of inventive step in pharmaceuticals

It is interesting in the cases of pharmaceutical patents to look in to the extent of inventiveness required. Since, as already stated, the requirement of inventiveness in the case of pharmaceutical patents is low when compared to that in other inventions, it is essential to identify the lowest minimum requirement. Moreover, it is also interesting to note that the courts in India which were least bothered to look into the issue of disparate standards of inventiveness existing in different countries in the case of pharmaceutical patents and the factors which led to the adoption of such standards¹ started giving a fresh look into the issue in the light of amendments to Section 3(d) of the Act in 2005. In *Novartis AG v. Union of India*² the Supreme Court had an occasion to look into the issue of inventiveness in a pharmaceutical patent.

1. For example see, *Cadila Pharmaceuticals Ltd. v. Instacare Laboratories (P) Ltd.*, (2001) 21 PTC 472 (Guj).
2. (2013) 6 SCC 1: AIR 2013 SC 1311.

NOVARTIS AG v. UNION OF INDIA

(2013) 6 SCC 1

(JUSTICE AFTAB ALAM AND JUSTICE RANJANA PRASAD DESAI)

JUSTICE AFTAB ALAM

[****] What is the true import of Section 3(d) of the Patents Act, 1970? How does it interplay with clauses (j) and (ja) of Section 2(1)? Does the product for which the appellant claims patent qualify as a “new product” which comes by through an invention that has a *feature* that involves *technical advance over the existing knowledge and that makes the invention “not obvious” to a person skilled in the art?* In case the appellant’s product satisfies the tests and thus qualifies as “invention” within the meaning of clauses (j) and (ja) of Section 2(1), can its patentability still be questioned and denied on the ground that Section 3(d) puts it out of the category of “invention”? On the answer to these questions depends whether the appellant is entitled to get the patent for the beta crystalline form of a chemical compound called Imatinib Mesylate which is a therapeutic drug for chronic myeloid leukaemia and certain kinds of tumours and is marketed under the names “Glivec” or “Gleevec”. [*****]

Jürg Zimmermann invented a number of derivatives of N-phenyl-2-pyrimidine-amine, one of which is CGP 57148³ in free base form (later given the international nonproprietary name “Imatinib” by the World Health Organisation). These derivatives, including Imatinib⁴, are capable of inhibiting certain protein kinases, especially protein kinase C and PDGF (platelet-derived growth factor)-receptor tyrosine kinase and thus have valuable anti-tumour properties and can be used in the preparation of pharmaceutical compositions for the treatment of warm-blooded animals, for example, as anti-tumoural drugs and as drugs against atherosclerosis. The N-phenyl-2-pyrimidine-amine derivatives, including Imatinib, were submitted for patent in the US. The application was made on 28-4-1994 and patent was granted on 28-5-1996 under US Patent No. 5,521,184 (hereinafter referred to as “the Zimmermann Patent”). The Zimmermann compounds (*i.e.* derivatives of N-phenyl-2-pyrimidine-amine) were also granted a European patent under Patent No. EP-A-0 564 409.

The appellant claims that beginning with Imatinib⁵ in free base form (as the “e-duct”), in a two-stage invention they first produced its methanesulfonic acid addition salt, Imatinib Mesylate, and then proceeded to develop the beta crystalline form of the salt of Imatinib. According to

3. 4-(4-methylpiperazin-1-ylmethyl)-N-[4-methyl-3-(4-pyridin-3-yl)pyrimidin-2-ylamino]phenyl benzamide.

4. *Ibid.*

5. *Ibid.*

the appellant, starting from Imatinib free base they could reach to the beta crystal form of Imatinib Mesylate in two ways: one “by *digesting* another crystal form, especially the alpha crystal form, or an amorphous starting material of the methanesulfonic acid addition salt of compound of Formula I ...”; and second “by *dissolving* another crystal form, especially the alpha crystal form, or an amorphous starting material of the methanesulfonic acid addition salt of compound of Formula I....” Describing the different processes, step by step, for producing Imatinib Mesylate starting from Imatinib, it is stated that in the first process they would first arrive at Imatinib Mesylate in amorphous form, as the intermediate stage, and thereafter, following further processes, reach the beta crystal form of Imatinib Mesylate. Following the second process, they would reach the beta crystal form of Imatinib Mesylate directly, skipping the intermediate stage in which Imatinib Mesylate first appears in amorphous form. In the third process, they would start with the alpha crystal form of Imatinib Mesylate and arrive at its beta crystal form. [*****]

The appellant filed the application (Application No. 1602/MAS/1998)⁶ for grant of patent for Imatinib Mesylate in beta crystalline form at the Chennai Patent Office on 17-7-1998. In the application it claimed that the invented product, the beta crystal form of Imatinib Mesylate, has (i) more beneficial flow properties; (ii) better thermodynamic stability; and (iii) lower hygroscopicity than the alpha crystal form of Imatinib Mesylate. It further claimed that the aforesaid properties makes the invented product “new” (and superior!) as it “stores better and is easier to process”; has “better processability of the methanesulfonic acid addition salt of a compound of Formula I”, and has a “further advantage for processing and storing”.

It is significant to note that the comparison of the aforesaid properties of the beta crystal form of Imatinib Mesylate was made with its alpha crystal form. In the patent application, there is no claim of superiority of the beta crystal form of Imatinib Mesylate in regard to the aforesaid three properties, or any other property, over the starting material Imatinib, or even over Imatinib Mesylate in amorphous form or any form other than the alpha crystal form. On the contrary, insofar as Imatinib in free base form is concerned, it was unambiguously stated in the patent application as under:

It goes without saying that *all the indicated inhibitory and pharmacological effects are also found with the free base, 4-(4-methylpiperazin-1-ylmethyl)-N-[4-methyl-3-(4-pyridin-3-yl) (pyrimidin-2-ylamino)phenyl] benzamide, or*

6. The initial application that was filed was for “Crystal modification of a N-phenyl-2-pyrimidinamine derivative, processes for its manufacture and its use”. This application included both the alpha and beta crystalline forms. Later on during the course of prosecution of the patent application, the claims of the original application were restricted only to the beta form of Imatinib Mesylate and a separate divisional Application No. 799/CHE/04 was filed for the alpha form in 2004.

other cells thereof. The present invention relates especially to the β -crystal form of the methanesulfonic acid addition salt of a compound of Formula I in the treatment of one of the said diseases or in the preparation of a pharmacological agent for the treatment thereto. (emphasis supplied) [*****]

In 1997, when the appellant filed its application for patent, the law in India with regard to product patent was in a transitional stage and the appellant's application lay dormant under an arrangement called "the mailbox procedure".[*****]

The appellant's application for patent was taken out of the "mailbox" for consideration only after amendments were made in the Patents Act, with effect from 1-1-2005. But before it was taken up for consideration, the patent application had attracted five (5) pre-grant oppositions⁷ in terms of Section 25(1) of the Act. And it was in response to the pre-grant oppositions that the appellant had filed the affidavits on the issue of bio-availability of Imatinib Mesylate in beta crystalline form.

The Assistant Controller of Patents and Designs heard all the parties on 15-12-2005, as provided under Rule 55 of the Patent Rules, 2003, and rejected the appellant's application for grant of patent to the subject product by 5 (five) separate, though similar, orders passed on 25-1-2006 on the 5 (five) opposition petitions. The Assistant Controller held that the invention claimed by the appellant was anticipated by prior publication i.e. the Zimmermann patent; that the invention claimed by the appellant was obvious to a person skilled in the art in view of the disclosure provided in the Zimmermann patent specifications; and further that the patentability of the alleged invention was disallowed by Section 3(d) of the Act; and also that 18-7-1997, the Swiss priority date, was wrongly claimed as the priority date for the application in India and hence, the alleged invention was also anticipated by the specification made in the application submitted in Switzerland.

[***** discussed the writ petition before Madras High Court and continued.]

[*****] The appellant's appeals against the orders passed by the Assistant Controller were finally heard and dismissed by IPAB by a long and detailed judgment dated 26-6-2009.⁸

IPAB reversed the findings of the Assistant Controller on the issues of anticipation and obviousness. It held that the appellant's invention satisfied the tests of novelty and non-obviousness, and further that in view of the amended Section 133, the appellant was fully entitled to get 18-7-1997, the date on which the patent application was made in Switzerland, as the

7. The oppositions were made by Cancer Patients Aid Association (Respondent 4), Natco Pharma Ltd. (Respondent 5), Cipla Ltd. (Respondent 6), Ranbaxy Laboratories Ltd. (Respondent 7), Hetero Drugs Ltd. (Respondent 8).
8. *Novartis AG v. Union of India*, Misc. Petition Nos. 1 to 5 of 2007 in TA/1 to 5/2007/PT/CH, decided on 26-6-2009 (IPAB).

priority date for his application in India. IPAB, however, held that the patentability of the subject product was hit by Section 3(d) of the Act. Referring to Section 3(d) IPAB observed:

Since India is having a requirement of higher standard of inventive step by introducing the amended Section 3(d) of the Act, what is patentable in other countries will not be patentable in India. As we see, the object of the amended Section 3(d) of the Act is nothing but a requirement of higher standard of inventive step in the law particularly for the drug/pharmaceutical substances.

[*****] Though agreeing with the Assistant Controller that no product patent for the subject patent could be allowed in favour of the appellant, IPAB held that the appellant could not be denied the process patent for preparation of Imatinib Mesylate in beta crystal form. IPAB ordered accordingly.

Against the order of IPAB the appellant came directly to this Court in a petition under Article 136 of the Constitution. [***** referred to the history of patent law in India, committee reports, growth of pharmaceutical industries in India, obligations under TRIPS Agreement, amendment to the Act, disputes before the WTO DSB, parliamentary debate, extracted the new definitions and provisions relating to pharmaceutical invention and continued.] [*****]

We have seen the meaning of "invention"; we have also seen earlier that the Patents Act, 1970, dealt with "invention" and "patentability" as two distinctly separate concepts." The duality of the two concepts is best illustrated by Section 4 of the Act, which prohibits the grant of patent (either process or product) "in respect of inventions relating to atomic energy falling within sub-section (1) of Section 20 of the Atomic Energy Act, 1962", and which has not undergone any change since inception. It is, therefore, fundamental that for grant of patent the subject must satisfy the twin tests of "invention" and "patentability". Something may be an "invention" as the term is generally understood and yet it may not qualify as an "invention" for the purposes of the Act. Further, something may even qualify as an "invention" as defined under the Act and yet may be denied patent for other larger considerations as may be stipulated in the Act. Having, therefore, seen the meaning of "invention", we may now advert to Section 3 as it stands after the amendment of the Act in 2005.

Section 3 is in Chapter II of the Act, which initially contained Sections 3, 4 and 5, but after the deletion of Section 5 with effect from 1-1-2005, Chapter II has only two sections: Sections 3 and 4. The Chapter has the heading "Inventions not patentable" and Section 3 has the marginal heading "What are not inventions". As suggested by the chapter heading and the marginal heading of Section 3, and as may be seen simply by

9. 4-(4-methylpiperazin-1-ylmethyl)-N-[4-methyl-3-(4-pyridin-3-yl)pyrimidin-2-ylamino]phenyl benzamide.

going through Section 3, it puts at one place provisions of two different kinds: one that declares that certain things shall not be deemed to be "inventions" [for instance clauses (d) and (e)]; and the other that provides that, though resulting from invention, something may yet not be granted patent for other considerations [for instance clause (b)].

For the purpose of these appeals, however, we need only to focus on clause (d) of Section 3.

We have seen earlier that, in course of the debate in Parliament, an amendment (by way of addition) in clause (d) of Section 3 was proposed by the Government in order to allay the fears of the Members from the Opposition concerning the introduction of product patents for pharmaceuticals and agricultural chemicals, and it was on the Government's assurance that the proposed amendment in Section 3(d) (besides some other changes in the Act) would take care of the apprehensions about the abuse of product patent in medicines and agricultural chemical substances that the Bill was passed by Parliament. We once again examine here what was the amendment introduced in Section 3(d) by the amending Act of 2005:

Immediately before its amendment in 2005, Section 3(d) was, in the Patents (Amendment) Ordinance, 2004 (Ordinance 7 of 2004), as under:

3. *What are not inventions.*—The following are not inventions within the meaning of this Act—

* * *

(d) the mere discovery of any new property or mere new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant. (emphasis supplied)

After the amendment with effect from 1-1-2005, Section 3(d) stands as under:

3. *What are not inventions.*—The following are not inventions within the meaning of this Act—

* * *

(d) the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Explanation.—For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy. (emphasis supplied)

As may be seen, the amendment:

1]

- (i) adds the words "the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or" at the beginning of the provision;
- (ii) deletes the word "mere" before "new use"; and
- (iii) adds an explanation at the end of the clause. [*****]

In regard to Section 3(d) both Mr Andhyarujina and Mr Subramaniam, learned counsel appearing for the appellant, strenuously argued that Section 3(d) is not meant to be an exception to clauses (j) and (ja) of Section 2(1) of the Act. Both the learned counsel insisted that Section 3(d) has no application to the case of the subject product. The subject product, having satisfied the tests of invention as provided in clauses (j) and (ja) of Section 2(1), cannot be denied patent for allegedly failing to satisfy the tests under Section 3(d). Mr Andhyarujina submitted that Section 3(d) is a provision put in *ex abundanti cautela non nocet*¹⁰ to remove all doubts.

Mr Subramaniam submitted that Section 3(d) is *ex majore cautela*¹¹. The learned counsel submitted that the primary purpose of Section 3(d), as is evidenced from the legislative history, is to prevent "evergreening" and yet to encourage incremental inventions. "Evergreening" is a term used to label practices that have developed in certain jurisdictions wherein a trifling change is made to an existing product, and claimed as a new invention. The coverage/protection afforded by the alleged new invention is then used to extend the patentee's exclusive rights over the product, preventing competition. Mr Subramaniam submitted that, by definition, a trifling change, or in the words of the section "a mere discovery of a new form of a known substance", can never ordinarily meet the threshold of novelty and inventive step under clauses (j) and (ja) of Section 2(1). An invention cannot be characterised by the word "mere". The word "invention" is distinct from the word "discovery". He, therefore, submitted that Section 3(d) operates only as *ex majore cautela*, ensuring that mere discoveries can never, by an effort at interpretation of clauses (j) and (ja) of Section 2(1), be considered inventions.

In regard to the concerns about public health issues and the flexibility of the TRIPS Agreement coupled with the Doha Declaration, allowing the scope to address the issues of public health, Mr Subramaniam submitted that those concerns are addressed in the Act, in provisions relating to compulsory licensing¹², revocation of patents¹³, and the multiple stages for opposition to the grant of patent.¹⁴

10. Abundant caution does no harm.

11. Out of abundant caution.

12. See, Chap. XVI, "Working of Patents, Compulsory Licences and Revocation" in the Patents Act, 1970.

13. See, Ss. 63, 64, and 65, Patents Act, 1970.

14. See, S. 25, *ibid.*

The submission may appear plausible if the scrutiny of the law is confined only to the Act as it stands today after undergoing the amendments in 2005. But examined in the larger perspective of the development of the law of patent over the past 100 years and especially keeping in mind the debates in Parliament preceding the 2005 Amendment, it would appear completely unacceptable. We find no force in this submission that Section 3(d) is a provision *ex majore cautela*. To our mind, the submission completely misses the vital distinction between the concepts of invention and patentability—a distinction that was at the heart of the Patents Act as it was framed in 1970, and which is reinforced by the 2005 Amendment in Section 3(d).

We are clearly of the view that the importance of the amendment made in Section 3(d), that is, the addition of the opening words in the substantive provision and the insertion of Explanation to the substantive provision, cannot be underestimated. It is seen above that, in course of the Parliamentary debates, the amendment in Section 3(d) was the only provision cited by the Government to allay the fears of the Opposition members concerning the abuses to which a product patent in medicines may be vulnerable. We have, therefore, no doubt that the amendment/addition made in Section 3(d) is meant especially to deal with chemical substances, and more particularly pharmaceutical products. The amended portion of Section 3(d) clearly sets up a second tier of qualifying standards for chemical substances/pharmaceutical products in order to leave the door open for true and genuine inventions but, at the same time, to check any attempt at repetitive patenting or extension of the patent term on spurious grounds.

We have so far seen Section 3(d) as representing “patentability”, a concept distinct and separate from “invention”. But if clause (d) is isolated from the rest of Section 3, and the legislative history behind the incorporation of Chapter II in the Patents Act, 1970, is disregarded, then it is possible to see Section 3(d) as an extension of the definition of “invention” and to link Section 3(d) with clauses (j) and (ja) of Section 2(1). In that case, on reading clauses (j) and (ja) of Section 2(1) with Section 3(d) it would appear that the Act sets different standards for qualifying as “inventions” things belonging to different classes, and for medicines and drugs and other chemical substances, the Act sets the invention threshold further higher, by virtue of the amendments made in Section 3(d) in the year 2005.

[***** discussed in detail the facts of the case and the nature of invention and continued.]

The portion added in Section 3(d) by the 2005 Amendment reads as under:

3. (d) The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance ... [is not inventions within the meaning of the Act].

The Explanation to Section 3(d) also added by the 2005 Amendment provides as under:

Explanation.—For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.

It may be seen that the word “efficacy” is used both in the text added to the substantive provision as also in the Explanation added to the provision.

What is “efficacy”? “Efficacy” means¹⁵ “the ability to produce a desired or intended result”. Hence, the test of efficacy in the context of Section 3(d) would be different, depending upon the result the product under consideration is desired or intended to produce. In other words, the test of efficacy would depend upon the function, utility or the purpose of the product under consideration. Therefore, in the case of a medicine that claims to cure a disease, the test of efficacy can only be “therapeutic efficacy”. The question then arises, what would be the parameter of therapeutic efficacy and what are the advantages and benefits that may be taken into account for determining the enhancement of therapeutic efficacy? With regard to the genesis of Section 3(d), and more particularly the circumstances in which Section 3(d) was amended to make it even more constrictive than before, we have no doubt that the “therapeutic efficacy” of a medicine must be judged strictly and narrowly. Our inference that the test of enhanced efficacy in case of chemical substances, especially medicine, should receive a narrow and strict interpretation is based not only on external factors but there are sufficient internal evidence that leads to the same view. It may be noted that the text added to Section 3(d) by the 2005 Amendment lays down the condition of “enhancement of the known efficacy”. Further, the Explanation requires the derivative to “differ significantly in properties with regard to efficacy”. What is evident, therefore, is that not all advantageous or beneficial properties are relevant, but only such properties that directly relate to efficacy, which in case of medicine, as seen above, is its therapeutic efficacy.

While dealing with the Explanation it must also be kept in mind that each of the different forms mentioned in the Explanation have some properties inherent to that form e.g. solubility to a salt and hygroscopicity to a polymorph. These forms, unless they differ significantly in property with

15. *The New Oxford Dictionary of English* (Edn. 1998).

regard to efficacy, are expressly excluded from the definition of "invention". Hence, the mere change of form with properties inherent to that form would not qualify as "enhancement of efficacy" of a known substance. In other words, the Explanation is meant to indicate what is not to be considered as therapeutic efficacy.

We have just noted that the test of enhanced therapeutic efficacy must be applied strictly, but the question needs to be considered with greater precision. In this connection, we take note of two slightly diverging points of view urged before this Court.

[**** discussed this interpretation on the facts of the case and continued.]

Thus, in whichever way Section 3(d) may be viewed, whether as setting up the standards of "patentability" or as an extension of the definition of "invention", it must be held that on the basis of the materials brought before this Court, the subject product, that is, the beta crystalline form of Imatinib Mesylate, fails the test of Section 3(d), too, of the Act.

We have held that the subject product, the beta crystalline form of Imatinib Mesylate, does not qualify the test of Section 3(d) of the Act but that is not to say that Section 3(d) bars patent protection for all incremental inventions of chemical and pharmaceutical substances. It will be a grave mistake to read this judgment to mean that Section 3(d) was amended with the intent to undo the fundamental change brought in the patent regime by deletion of Section 5 from the parent Act. That is not said in this judgment.

Section 2(1)(j) defines "invention" to mean, "a new product or ...", but the new product in chemicals and especially pharmaceuticals may not necessarily mean something altogether new or completely unfamiliar or strange or not existing before. It may mean something "different from a recent previous" or "one regarded as better than what went before" or "in addition to another or others of the same kind"¹⁶. However, in case of chemicals and especially pharmaceuticals if the product for which patent protection is claimed is a new form of a known substance with known efficacy, then the subject product must pass, in addition to clauses (j) and (ja) of Section 2(1), the test of enhanced efficacy as provided in Section 3(d) read with its Explanation.

[**** discussed the application of this to the facts and continued.]

In view of the findings that the patent product, the beta crystalline form of Imatinib Mesylate, fails in both the tests of invention and patentability as provided under clauses (j), (ja) of Section 2(1) and Section 3(d) respectively, the appeals filed by Novartis AG fail and are dismissed with costs. The other two appeals are allowed.

16. *Ibid.*

POINTS FOR DISCUSSION

1. Discuss the relationship between Sections 2(1)(j) and (ja) and 3(d).
2. Do you agree with the ratio of the case?
3. Is the Court right in differentiating between "invention" and "patentability"? Is it right to say that something is an invention but still non-patentable?
4. What are the requirements to establish that an invention falls under Section 3(d) of the Patents Act?
5. Does Section 3(d) makes any difference between incremental innovation or evergreening? Or is it relevant in the context of Section 3(d) to make any distinction between incremental innovation and evergreening?
6. Discuss the changes brought out in the standards of patentability in the Indian Patents Act by the 2005 Amendment. [Refer to Sections 2(j), (l), (ja), (ta), 3(d) (e) and (f).]
7. Discuss whether the invention in this case is an attempt to promote evergreening.
8. Has the Court succeeded in convincingly bringing out the difference between invention and patentability?

EXERCISE

1. Try to analyse the standard of inventiveness in India taking into account the international approach to inventiveness in pharmaceutical patents.
2. Based on the above judgment find out the exact extent of inventiveness required in pharmaceutical patents.
3. Compare the standards of inventiveness in chemical, pharmaceutical and biotech patents and examine the reasons for the difference in these patents.
4. Examine the decision of *F. Hoffmann-La Roche Ltd. v. Cipla Ltd.*, (2012) 52 PTC 1 (Del) in the light of the decision of the Supreme Court in *Novartis AG v. Union of India*, (2013) 6 SCC 1.

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DESIGN

A design, to be registrable, should be "new or original". Though novelty is not defined under the Designs Act, 2000, originality is defined under the Act.¹⁷ The issue then is to see if the terms "new" and "original" are having the same connotation or if there is any difference in their meanings. The English Courts have taken the view that they are different. The view that the terms implied something different was most clearly expressed by Buckley LJ in *Dover Ltd. v. Nurnberger Celluloid Waren Fabrik Gebruder Wolff*¹⁸, where it was said that the word "new" referred to cases where the shape or pattern was completely new in itself whereas "original" referred to cases where, though old in itself, it was new in its application to the article in question.¹⁹ A design to be novel, it must be different from pre-existing designs in a way which is more than trifling. The question of novelty of the design is for the eye to determine.²⁰

Under the Indian law, prior to 2000 Act, prior publication in India alone was a disqualification for registration. However, the Designs Act, 2000 prohibits registration of those designs which are published in tangible form or disclosed to the public by use or in any other way in India or in any other country.²¹ The following cases from the 1911 Act and 2000 Act illustrate the above points.

Test of originality

GAMMETER v. CONTROLLER OF PATENTS & DESIGNS

AIR 1919 Cal 887

(CHIEF JUSTICE L SANDERSON AND LORD JUSTICE WOODROFFE)

CHIEF JUSTICE SANDERSON

This is an appeal by Ernest Otto Gammeter against the judgment of my learned brother Fletcher J. The matter arises in connection with an application which was made by Mr Gammeter to the Controller of Patents and Designs on 16-1-1915, whereby the Controller was requested to register the accompanying design in class. The description of the design was as follows:

17. 2. Definition.—...

(g) "original", in relation to a design, means originating from the author of such design and includes the cases which though old in themselves yet are new in their application.

18. (1910) 2 Ch 25; 1910 WN 170; (1910) 27 RPC 498 (CA).

19. However, in England, by the amendments made by the 1988 Act (Copyright, Designs and Patents Act), now the registrability requirement of industrial designs is simply that they are "new". The requirement for "originality" is taken away.

20. Lionel Bently and Brad Sherman, *Intellectual Property Law* (Oxford 2001) 603.

21. S. 4(b), Designs Act, 2000.

The design consists of a metal band, for attaching a watch to the wrist and novelty is claimed for such a band, preferably of silver, passed below the watch through loops affixed to each side of the watch case, which method by preventing the bending of the hand between the said loops tends to draw the free ends of the band apart, and thus assisted by the resilience of the metal, prevent the accidental opening of the fastening means which consist of one or more studs on one end and projecting from either the inner or outer side of the band, taking into one or more or several keyhole slots provided in the other end of band.

[***** discussed the background of the proceedings and continued.]

The applicant seems to have been rather doubtful as to the ground on which he ought to have based his case and the point that was urged before the Controller has not been urged before us. Obviously it would not be because there was no novelty or originality in the fastening of this particular band. That is clear upon the evidence. But it is not unimportant to notice. Apparently this was the main point which the Controller had before him when Boseck & Co., were objecting to the registration; and, if that was the main ground relied upon for novelty and originality, I can quite understand that the Controller came to the conclusion that there was no novelty or originality. When this matter was before the learned Judge, one of the grounds on which the appellant relied was that there was flattening of the band. The learned Judge based his decision, to some extent at all events, upon the fact that he was convinced that there was nothing in that point and that the flattening did not really exist and that it only came into existence when the band was fitted on to the watch and that by reason of the manner in which it was fitted to the watch a certain amount of flattening must take place. He did not base his judgment upon that ground alone, but he came to the conclusion that having regard to the shape and configuration of the bracelet which was produced before him in Court there was nothing new or original in the design which was relied upon. Before, considering that point, which is the real point at all events as regards the merits of this case, I think I ought to point out that the learned Judge came to certain definite findings: first, he held with regard to this band which I may, for the sake of convenience, call the "Novelty" band, that prior to its introduction the evidence establishes that a plain metal band of uniform width in one piece passing through the loops of the watch had not been used in connection with wrist watches; secondly that shortly after the "Novelty" band had been introduced, Boseck & Co. copied it; thirdly, that on a threat of legal proceedings they applied to the Controller to remove the design from the Register, which the Controller, after hearing the parties, did; fourthly, that the evidence also shows that when the "Novelty" band was introduced, it had a large and immediate sale; and, fifthly, that there was produced before him, as there had been before the Controller, a

bracelet which, it was said, was an anticipation of the petitioner's design. Then he describes the bracelet as follows:

The bracelet consists of a plain metal band of gold of uniform width fastened in exactly the same method as the 'Novelty' band. In this metal band are two (it ought to be three) small holes pierced so as to allow a pearl ornament to be affixed thereto by screws. The object, of course, is for this to be used as an ornament. This bracelet is one of a pair manufactured by Cooke and Kelvey of this city, and which they have had in stock for about 5 years prior to August 1915. There is other evidence of the manufacture and sale of other similar bands, but I am not satisfied that the evidence on that point is reliable.

Then he goes on to say: "The case must, therefore, stand or fall on the bracelet produced by Cooke and Kelvey" (that is, this bracelet which I have now in my hand). "It has been decided in a series of cases that the test of novelty is the eye of the Judge. He must place the two designs side by side and see whether the one for which novelty is claimed is new."

I entirely agree with the principle which is laid down by the learned Judge. The matter, of course, to a very large extent, is a matter of first impression inasmuch as it depends upon the view a Judge looking at the article in question takes, when comparing it with the other article which is said to be an anticipation. In my judgment, the shape and configuration of the metal band taken by itself cannot be said to be new or original. I have the "Novelty" band before me and the bracelet which was produced by Cooke and Kelvey. It is true that it is not of the same size, that is to say, it is narrower than the bracelet, and not of the same dimensions; but as regards the shape and the configuration, I confess I cannot see anything new or original. It is conceded that the fastenings are similar and that the method of the fastening has been known in the trade for a considerable time. But that does not conclude the matter. The real point in this case, in my judgment, arises in connection with the user of this metal band and I have to ask myself the question whether the application of the "Novelty" band was in respect of an object analogous or kindred to the bracelet; or to put it in another way, was the metal band intended for such a different purpose and for a use so dissimilar that the design may be held to be new or original. I think the case of *Clarke's Design, re*²² lays down quite clearly what the test in matters of this kind is. In the judgment of Lindley LJ at p. 45, he dealt with the case which had been decided by Chitty J²³ and then with reference to that he said as follows:

In this last case, Chitty J said that 'to be capable of being registered a design must be new or original in fact and not, as is suggested, new or original as to some particular class of goods. It cannot be said to be new and original if it is already being applied to articles of an analogous character' (that

22. (1896) 2 Ch 38; 65 LJ Ch 629; 74 LT 631.

23. *Read & Greswell's Design, re*, (1889) 42 Ch D 260; 58 LJ Ch 624; 61 LT 450; 38 WR 88.

is a quotation from Chitty J's judgment). The learned Judge was obviously referring to the classes of goods mentioned in the schedule to the designs rules, and the words referring to articles of an analogous nature show that the learned Judge did not intend by the words 'new or original in fact' to decide that a design must be new or original in the sense of never having been seen before as applied to any article whatever. In *Walker, Hunter and Co. v. Falkirk Iron Co.*²⁴ and *Hecla Foundry Co. v. Walker, Hunter and Co.*²⁵, a design for the shape of an iron furnace-door was protected, although wooden doors of the same shape for side boards and other articles of furniture were old. The things shaped were for such different purposes and their uses were so dissimilar that the design for one of such things was held to be new or original, although it was old for the other. What 'then is the test to be applied to a case such as that before us? The design must be new or original with reference to kind of article for which it is registered, meaning by the kind of article, not the class of article mentioned in the schedule to the rules, but the kind of article having regard to its general character and use.'

Then he proceeds to give well-known instances: "A design may be new for a coal-scuttle, but not for a bonnet."

Now, that being the test, I formulate the question which I have to put to myself, having regard to its general character and use: Was the "Novelty" band for a purpose so different from and for a use so similar to the purpose and use of the bracelet that the design may be said to be new and original? To my mind the purpose and use of the band are entirely different from the purpose and use of the bracelet. The "Novelty" band is intended to attach a watch to the wrist. The object of wearing a watch on the wrist is generally different from that of wearing a bracelet,—one is for a useful purpose and the other is ornamental. It was pointed out in argument, and I think based upon evidence, that the leather straps which had been generally used for the purpose of attaching a watch to the wrist, were unsuitable to such a country as this or in fact to any other country of hot climate, and consequently this band—the "Novelty" band—which was introduced had become a very useful article, and as appears from the evidence, had to use the words of the learned Judge, "a large and immediate sale". There may be a few cases where the articles (the watches) are so ornamental that they are worn more as ornaments than as articles of use; but I think they are the exceptions and not the rule; and in my judgment this "Novelty" band which was made an exhibit in the case is not the kind of band which would be ordinarily used for an ornamental watch.

It is said by the learned counsel for Boseck & Co. that utility is wholly immaterial. So it is in one sense, that is to say, the statute applies to all designs, whether they add to the utility of the articles to which they are applied or not. But in considering the purposes and uses of the article

24. (1887) 4 R. Pat. Cas. 390; 14 R. (Ct. of Sess.) 1072; 24 SLR 750.
25. (1889) 14 AC 550 (HL).

in question for the sake of considering whether they are analogous or kindred to the purposes and uses of the article which is said to be the anticipation, I think it is legitimate to take into consideration that one purpose is ornamental and the other is useful. In addition to that which I have already mentioned there are other facts which to my mind are significant. The fact that as soon as this article was produced there was a large and immediate sale, is strong evidence that it was novel and original; then there is the fact that Boseck & Co. shortly after its production, adopted and copied it and put it in their catalogue on the top of one of the first pages (the catalogue was produced before us.) Further, there was evidence of well-known people in the jewellery trade who described the "Novelty" band as a novelty. The result is that all these facts lead me to the conclusion that although in view of the bracelet produced by Cooke and Kelvey, the shape of the "Novelty" band by itself cannot be said to be new and original, the application of it to a watch to be worn on the wrist was for a purpose so different from and for a use so dissimilar to the purpose and use of the bracelet that the design in question may be said to be original. For these reasons, I think that the appeal should be allowed and the application of 22-2-1916 granted.

In my judgment the Controller ought to pay his own costs of the proceedings before Fletcher J, and this Court and Boseck & Co. ought to pay the costs of the appellant in respect of the hearing, so far as the merits are concerned, before Fletcher J, and the appellant ought to have the costs of this appeal with the exception of one day which was taken up in the argument with respect to the preliminary point, as to which there ought to be no costs before us. The costs will be on the basis as "of hearing". I should myself like to say before parting with this case, that I am indebted to the learned counsel engaged in the case for their able arguments and for the assistance they have given me in this matter.

LORD JUSTICE WOODROFFE

This application was made under Section 45 of the Specific Relief Act. It is not, in my opinion, barred by Section 64, Designs Act. The action of the Controller was not justified by Section 62 of that Act. We have then to see whether the application is justified on the merits. Fletcher J seems to have dealt with the question as one under Section 64, Designs Act. But the appellant does not admit that that section applies, for if it did, he could not get relief under Section 45, Specific Relief Act. His case is that the merits are to be entered into under the provisions of Section 45, under which provision the application is made. As to the merits, in my opinion, the appellant has established his case. There is no question, I think, that it is a good design. It is found as a fact that it had never been previously applied to wrist watches and the fact that it had an immediate and

lucrative sale strongly indicates that the article sold was a useful novelty. It was also copied by Boseck and Co. and inserted in their catalogue, and there given the first place. The case before Fletcher J was decided practically on one ground and one ground only, and that was that the design in question was not new, in that it had been anticipated by a bracelet of Cooke and Kelvey which they had held in stock for about 5 years prior to August 1915; the learned Judge after finding several points in favour of the applicant then says that "the case must stand or fall on the bracelet produced by Cooke and Kelvey".

It has been argued by Mr James that the band of the bracelet produced by Cooke and Kelvey is not the same as the band of the design in question. Assuming for the sake of the argument, without deciding the point, that it is the same, there is, I think, novelty in applying what on this assumption is an old thing to a new use. If that is so, the design should be protected, provided it is not merely, to use the words of the cases, analogous. The present case does not seem to be within the proviso, though it may be that class divisions do not necessarily determine whether one case is analogous to another; it seems to me that the fact that articles are in different divisions is a matter of some account. However, this may be, in the present case we have here different purposes and different uses. A wrist band used to carry an ornament such as that produced by Cooke and Kelvey and a wrist band to carry a watch do not appear to me to be so analogous as to deprive the applicant of his claim to novelty. Further, the band is, in my opinion, original and differs from the other band produced by its circular shape according to which it passes at the back of the watch, and as a consequence of that, produces a flattening which is referred to in the evidence. In my opinion therefore the appeal succeeds and the applicant is entitled to the order which he sought. Appeal allowed.

POINTS FOR DISCUSSION

1. What was the interpretation given to "new or original" by the Court in this case?
2. What was the test adopted in this case to see if the design was new or original?
3. Does this interpretation hold good even after the enactment of the Designs Act, 2000?
4. Discuss the test of originality laid down in this case in the light of Sections 2(g), 6(3) & (4) and 19(1)(a) of the Designs Act, 2000.
5. How is the novelty/originality under the Designs Act different from those under the Patent and Copyright Acts?
6. Compare the Indian and English positions with respect to the novelty/originality of an industrial design.

READ

1. *Pilot Pen Co. India (P) Ltd. v. Gujarat Industries (P) Ltd.*, AIR 1967 Mad 215; (1966) 79 LW 510.
2. *Samsonite Corpn. v. Vijay Sales*, (1998) 18 PTC 372; (1998) 4 AD 129 (Del).

BHARAT GLASS TUBE LTD. v. GOPAL GLASS WORKS LTD. (2008) 10 SCC 657; (2008) 37 PTC 1

(JUSTICE A.K. MATHUR AND JUSTICE ALTAMAS KABIR)

JUSTICE A.K. MATHUR

[****]

In order to appreciate the controversy involved in the present appeal, a few facts may be dilated here. The respondent herein claimed to carry on business inter alia of manufacture and marketing of figured and wired glass sheets since 1981. The respondent claimed to be the originator of new and original industrial designs, applied by mechanical process to glass sheets. According to the respondent, the glass sheets have eye catching shape, configuration, ornamental patterns, get up and colour shades and the same were registered and/or were awaiting registration as industrial designs under the Designs Act, 2000 (hereinafter to be referred to as the Act of 2000) and the Rules framed thereunder. For production of glass sheets of the design registered as Design No. 190336, two rollers are required. The rollers are manufactured by Dorn Bausch Gravuren GMBH of Germany (hereinafter to be referred as the German company). According to the respondent the rollers are not only used for manufacture of glass sheets, but for various other articles including plastic, rexin and leather. The respondent placed an order on the German company for supply of the rollers for launching a design of figured glass with new and novel features not produced before by anyone else. On or about 29-10-2002 the respondent applied to the Controller of Patents and Designs under Section 51 of the Act of 2000 for registration of the said design in Class 25-01. The said design was duly registered on 5-11-2002 and was to remain valid for a period of 10 years from the date of its registration. The respondent claimed the exclusive copyright in India on the said design applied to glass sheets. It was claimed that no other person has any right to apply the said design to glass sheets as the respondent has exclusive right over the said design on the glass sheets. The respondent marketed the glass sheets of the said design under the name of Diamond Square and that became popular amongst the customers soon after its launch in the market. After registration of the said design the respondent issued a notice on 21-5-2003 cautioning other

manufacturers from infringing copyright of the respondent in respect of the said registered design. But in the meanwhile the appellant and its associate IAG Co. Ltd. started imitating the said registered design, as a result thereof the respondent was constrained to file a suit being Civil Suit No. 1 of 2004 against the appellant in the District Court of Mehsana. The respondent obtained a restraint order restraining IAG Co. Ltd. from infringing the copyright of the respondent against the said design. In order to counter-blast the suit, the appellant herein filed an application under Section 19 of the Act of 2000 before the Controller of Patents & Designs for cancellation of registration of Design No. 190336 in the name of the respondent mainly on the ground that the design has already been previously published in India and abroad and on the ground that the design was not new or original. The appellant primarily relied on a catalogue of the German company and letter dated 10-9-2003 of the German company addressed to IAG Co. Ltd. the holding company of the appellant stating that the said German company had developed Design No. 2960-9010 in the year 1992 and the other evidence relied on by the appellant was a document downloaded from the internet from the official website of the Patent Office of the United Kingdom on 22-9-2004 which indicated that the same design had been registered in United Kingdom in the name of Vegla Vereinigte Glaswerke GmbH sometime in 1992. As against this the respondent filed an affidavit stating that the German company has been engaged in the manufacture of engraving rollers and no other goods and it was contended that the company was not engaged in manufacture of the goods other than engraving rollers. It was contended that the company never manufactured engraved glass sheets by using engraved rollers. The respondent also relied on the communication dated 4-3-2004 of the German company confirming that the embossing rollers covered by Design No. 2950-910 had been sold to the respondent on condition that all user rights available in India under Indian laws would vest exclusively in the respondent and that the respondent would be entitled to exclusive user rights for at least five years. The German company was aware of the registration of the Design No. 190331 and it had no objection to the design being marketed by the respondent herein. An affidavit was also filed by the Liaison Executive of the respondent company that he visited Germany and upon enquiry ascertained that Vegla Vereinigte Glaswerke GmbH had never manufactured glass sheets of the design registered as Design No. 2022468 in the United Kingdom. The respondent also objected to the admissibility of the materials alleged to have been downloaded from the United Kingdom Patent Office. It was also contended that in the absence of corroborative evidence, such evidence cannot be tendered and it cannot be treated as admissible evidence. It was also contended that the German company only manufactured rollers but did not produce glass sheets prepared out of these rollers.

On the basis of the pleadings, learned Assistant Controller of Patents and Designs framed following three issues for determination: (i) Whether the design was not new or original in view of the fact that the roller bearing the design is published before the date of registration and the registered proprietor is not owner of design. (ii) Whether the design was published outside India as well as in India prior to the date of application. (iii) Whether the registered design was in public domain due to sale/use of the design prior to the date of application of the registered proprietor. The first two issues were decided against the respondent and the third issue was not adjudicated since the evidence by way of affidavit was not taken on record on technical reasons. Hence, the Assistant Controller of the Patents and Designs set aside the registration of the respondent. Aggrieved against this order the respondent filed a regular appeal under Section 36 of the Act of 2000 before the High Court. Learned Single Judge after considering the matter reversed the finding of the Assistant Controller and dismissed the application filed by the appellant for cancellation of registration of the respondent herein. Aggrieved against this impugned order passed by learned Single Judge of the Calcutta High Court the present appeal was filed by the appellant-complainant.

We have heard learned Senior Counsel for the parties at length and perused the record. Before we proceed to decide on the merit of the matter, it would be profitable to refer to the relevant provisions of the Act. It may be mentioned here that in 1911 the Designs Act was passed by the then British Government in India. But with the advancement of science and technology and the number of registration of the design having increased in India, the Act of 1911 was amended wholesale by the Parliament and this new Act known as Designs Act, 2000 came to be introduced in the Parliament and the same was passed as such. The statement of objects and reasons read as under:

Statement of Objects and Reasons

Since the enactment of the Designs Act, 1911 considerable progress has been made in the field of science and technology. The legal system of the protection of industrial designs requires to be made more efficient in order to ensure effective protection to registered designs. It is also required to promote design activity in order to promote the design element in an article of production. The proposed Design Bill is essentially aimed to balance these interests. It is also intended to ensure that the law does not unnecessarily extend protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.

[***** quoted different definitions and important sections.]

Section 2(d) defines design which reads as under:

(d) 'design' means only the features of shape, configuration, pattern, ornament or composition of lines of colours applied to any article whether in two

dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of Section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in Section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of Section 2 of the Copyright Act, 1957 (14 of 1957);

Section 2(g) defines original which reads as follows:

(g) 'original', in relation to a design, means originating from the author of such design and includes the cases which though old in themselves yet are new in their application;

[*****]

4. *Prohibition of registration of certain designs.*—A design which (a) is not new or original; or (b) has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or (c) is not significantly distinguishable from known designs or combination of known designs; or (d) comprises or contains scandalous or obscene matter, shall not be registered.

[*****]

19. *Cancellation of registration.*—(1) Any person interested may present a petition for the cancellation of the registration of a design at any time after the registration of the design, to the Controller on any of the following grounds, namely:—(a) that the design has been previously registered in India; or (b) that it has been published in India or in any other country prior to the date of registration; or (c) that the design is not a new or original design; or (d) that the design is not registrable under this Act; or (e) that it is not a design as defined under clause (d) of Section 2.

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.

[*****]

In fact, the sole purpose of this Act is protection of the intellectual property right of the original design for a period of ten years or whatever further period extendable. The object behind this enactment is to benefit the person for his research and labour put in by him to evolve the new and original design. This is the sole aim of enacting this Act. It has also laid down that if design is not new or original or published previously then such design should not be registered. It further lays down that if it has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application

for registration then such design will not be registered or if it is found that it is not significantly distinguishable from known designs or combination of known designs, then such designs shall not be registered. It also provides that registration can be cancelled under Section 19 of the Act if proper application is filed before the competent authority *i.e.* the Controller that the design has been previously registered in India or published in India or in any other country prior to the date of registration, or that the design is not a new or original design or that the design is not registrable under this Act or that it is not a design as defined in clause (d) of Section 2. The Controller after hearing both the parties if satisfied that the design is not new or original or that it has already been registered or if it is not registrable, cancel such registration and aggrieved against that order, appeal shall lie to the High Court. These prohibitions have been engrafted so as to protect the original person who has designed a new one by virtue of his own efforts by researching for a long time. The new and original design when registered is for a period of ten years. Such original design which is new and which has not been available in the country or has not been previously registered or has not been published in India or in any other country prior to the date of registration shall be protected for a period of ten years. Therefore, it is in the nature of protection of the intellectual property right. This was the purpose as is evident from the statement of objects and reasons and from various provisions of the Act. In this background, we have to examine whether the design which was registered on the application filed by the respondent herein can be cancelled or not on the basis of the application filed by the appellant. [***** discussed arguments and continued.]

As mentioned above, the Assistant Controller primarily has taken into consideration the two evidences, (i) that the design was registered way back in 1992 by the German company on the roller to be used either on glass, or rexin or on leather, therefore it is not new and original and (ii) that the same design has been obtained in United Kingdom as is evident from the downloading of Patent website of the United Kingdom. On the basis of these two evidences, the Assistant Controller has held that the design which was registered on the application filed by the respondent herein was not a new and original. Therefore, on the application filed by the appellant, the Assistant Controller of Patents and Designs cancelled that design of the respondent. [***** discussed the view taken by the Assistant Controller and continued.]

Therefore, the question is the design which has been prepared by the German company and which has been sold to the respondent which became the proprietor of it, is a new or original or not. In this connection, the burden was on the complainant to show that the design was not original or new. We have no hesitation in recording a finding that the burden was not discharged by the complainant. It only tried to prove

on the basis of the letter of the German company that they produced the rollers and sold in market but it was nowhere mentioned that these rollers have been reproduced on the glass sheets by the German company or by any other company. The expression, "new or original" appearing in Section 4 means that the design which has been registered has not been published anywhere or it has been made known to the public. The expression, "new or original" means that it had been invented for the first time or it has not been reproduced by anyone. The respondent company purchased the rollers from the German company and got it registered with the registering authority that by these rollers they are going to produce the design on the glass sheets. Design has been defined in Section 2(d) which means that a feature of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process. That means that a feature or a pattern which is registered with the registering authority for being produced on a particular article by any industrial process whether manual, mechanical or chemical or by any other means which appears in a finished article and which can be judged solely by eye appeal. The definition of design as defined in Section 2(d) read with application for registration and Rule 11 with form 1 makes it clear that the design which is registered is to be applied to any finished article which may be judged solely by eye appeal. A conjoint reading of these three provisions makes it clear that a particular shape or a particular configuration is to be registered which is sought to be produced on any article which will have visual appeal. Such design once it is registered then it cannot be pirated by any other person. But the question is whether it is new or original. In the present case, the complainant relied on the correspondence of the German company which produced the rollers and sold it to the respondent herein and it gave the proprietary right to the present respondent company. "Proprietor" as defined in Section 2(j) of the Act means that any person who acquires the design or right to apply the design to any article, either exclusively of any other person or otherwise, means, in the respect and to the extent in and to which the design or right has been so acquired. Therefore, this right to reproduce this design on an article has been given by the German company to the respondent. But again the question is whether the complainant had discharged their burden to show that this design is not new or original. For this purpose, they only banked upon the letter of the German company which prepared these rollers and there is no evidence to show that the design which was reproduced on glass sheets was either produced by any other agency. Therefore, the expression that "new or original" in this context has to be construed that whether this design has ever been reproduced by any other company on the glass sheet or not.

1]

There is no evidence whatsoever produced by the complainant either before the Assistant Controller or before any other forum to show that this very design which has been reproduced on the glass sheet was manufactured anywhere in the market in India or in United Kingdom. There is no evidence to show that these rollers which were manufactured or originally designed by the company was marketed by this company to be reproduced on glass sheets in India or even in United Kingdom. This proprietorship of this design was acquired by this respondent from the German company and there is no evidence on record to show that these rollers were used for designing them on the glass sheets in Germany or in India or in United Kingdom. What is required to be registered is a design which is sought to be reproduced on an article. This was the roller which was designed and if it is reproduced on an article it will give such visual feature to the design. No evidence was produced by the complainant before the Assistant Controller that anywhere in any part of the world or in India this design was reproduced on glass or it was registered anywhere in India or in any part of the world. The German company only manufactured the roller and this roller could have been used for bringing a particular design on the glass, rexin or leather but we are concerned here with the reproduction of the design from the roller on glass which has been registered before the registering authority. Therefore, this design which is to be reproduced on the article *i.e.* glass has been registered for the first time in India and the proprietary right was acquired from the German company. We have gone through the letter of the German company and it nowhere says that this was reproduced on a glass sheet. No evidence was produced by the complainant that this design was reproduced on a glass sheet in Germany or in India. The contents of the letter are very clear. It shows that it was designed in 1992 and was marketed in 1993. But there is no evidence to show that this design was reproduced on glass sheet any where in Germany. Section 4 clearly says that the Controller will only register a design on application made under Section 5 by the proprietor of any new or original design not previously published in any country and which is not contrary to public order or morality and it further says that this application shall be in a prescribed form and the prescribed form has been given in form 1. Form 1 clearly says that the design is to be applied. Relevant column of the form reads as under:

Insert number of class.	You are requested to register the accompanying in Class No. ... in the name of
Insert (in full) the name, address and nationality. who claim(s) to be the proprietor thereof.
State whether drawings, photographs, tracings or specimens.	Four exactly similar ... of the photographs, tracings or design accompany this specimens' request.

Insert name of article or articles to which the design is to be applied or state trade description of each of the articles contained in the set. The design is to be applied to

That shows that for name of the article on which the design is sought to be transcribed has to be mentioned at the time of registration. The respondent moved an application filling this form that this roller which has been manufactured by the German company with that design shall be reproduced on the glass. Therefore, when the application was filed by the respondent for registration, it was registered on the basis that the roller which will be used by mechanical process will bring design on a glass which is registered. Therefore, what is sought to be protected is that the design which will be reproduced on the roller by way of mechanical process and that design cannot be reproduced on glass by anybody else. Now, the question is whether it is new or original design. For that it is clear that there is no evidence to show that this design which is reproduced on the glass sheet was either registered in India or in Germany or for that matter in United Kingdom.

[***** referred to the definition of design under Registered Designs Act, 1949 and *Russell-Clarke and Howe on Industrial Designs* (7th Edn.) and P. Narayanan, *The Law of Copyright and Industrial Designs* (4th Edn.)]

Therefore, the concept of design is that a particular figure conceived by its designer in his mind and it is reproduced in some identifiable manner and it is sought to be applied to an article. Therefore, whenever registration is required then those configuration has to be chosen for registration to be reproduced in any article. The idea is that the design has to be registered which is sought to be reproduced on any article. Therefore, both the things are required to go together, i.e. the design and the design which is to be applied to an article. In the present case, the design has been reproduced in the article like glass which is registered. This could have been registered with rexin or leather. Therefore, for registration of a particular configuration or particular shape of thing which is sought to be reproduced on a particular article has to be applied. As in the present case the design sought to be reproduced on a glass sheet has been registered and there is no evidence to show that this design was registered earlier to be reproduced on glass in India or any other part of the country or in Germany or even for that matter in United Kingdom, therefore, it is for the first time registered in India which is new and original design which is to be reproduced on glass sheet. Therefore, the submission of learned Senior Counsel for the appellant, Mr Gupta cannot be accepted that this design was not new and original.

[***** discussed *Domestic Appliances v. Globe Super Parts*²⁶ and *Wimco Ltd. v. Meena Match Industries*²⁷.] Similarly in the present case, as we have discussed above, that this design which was registered in the name of Gopal Glass Works was not published in India or in Germany. Therefore, it was a new and original design.

The question of eye appeal came up for consideration in *Interlego A.G. v. Tyco Industries Inc.*²⁸ In that their Lordships have laid down important test in the matter of visual appeal of the eye. It was observed as follows:

In relation, however, to an assessment of whether a particular shape or configuration satisfies the former and positive part of the definition, the fact that an important part of the very purpose of the finished article is to appeal to the eye cannot be ignored. That factor was one which was conspicuously absent from the articles upon which the courts were required to adjudicate in the cases of *Tecalemit v. Ewarts (No. 2)*²⁹, *Stenor Ltd. v. Whitesides (Clitheroe) Ltd.*³⁰ and *Amp Inc. v. Utilux Pty. Ltd.*³¹ and in the more recent Irish case of *Allibert S.A. v. O'Connor*³², in all of which the claim to registration failed. It was one which was present in the case of *Kestos Ltd. v. Kempat Ltd.*³³ where the claim to the validity of the design succeeded. It is present in the instant case. One starts with the expectation of eye-appeal, for part of the very purpose of the article is to have eye-appeal. That was aptly expressed by Whitford J in relation to the same subject-matter as in this appeal in the case of *Interlego A.G. v. Alex Folley (Vic) Pty. Ltd.*³⁴

'I would have expected designer designing toys to have the question of the appeal of the toy to the eye, even in the case of a functional toy, in mind. Mr Rylands who have evidence for the defendants said that when designing a functional toy it is necessary to have regard not only to suitability for purpose but to overall appearance. You have to design so that the article in question will make an immediate visual appeal to a child or to the parent or other person buying for a child.'

One has to be very cautious unless two articles are simultaneously produced before the Court then alone the Court will be able to appreciate. But in the present case no design reproduced on the glass sheets was either produced before the Assistant Controller or before the High Court or before us by the appellant to appreciate the eye appeal. The appellant could have produced the design reproduced on glass sheet it manufactured in United Kingdom or Germany. That could have been decisive.

26. 1981 PTC 239 (Del).

27. ILR (1984) 1 Del 121; 1983 PTC 373.

28. 1989 AC 217; (1988) 3 WLR 678; (1988) 16 RPC 343 (PC).

29. (1927) 44 RPC 503.

30. 1948 AC 107; (1948) 2 All ER 241 (HL).

31. 1972 RPC 103 (HL).

32. 1981 FSR 613.

33. (1935) 53 RPC 139.

34. 1987 FSR 283, 298.

[**** also referred to *Dover Ltd. v. Nurnberger Celluloid Waren Fabrik Gebruder Wolff*³⁵, *King Features Syndicate Inc. v. O. & M. Kleeman Ltd.*³⁶ and *Gammeter v. Controller of Patents & Designs*³⁷.]

The next evidence which was lead by the appellant was a website had been downloaded from the United Kingdom Patent Office effecting patent that may be applied to glass sheets. No evidence has been produced to show that Vegla Vereinigte Glaswerke GmbH had manufactured this design in glass sheet or not. It is only a design downloaded from the website of the Patent office in UK and it is not known whether it was reproduced on glass sheet in UK or not. In this connection, the Assistant Controller has only observed that he has made a visual comparison of the UK registered Design No. 2022468 with the impugned Design No. 190336 and he was satisfied that both the designs make same appeal to the eye and there was sufficient resemblance between the two designs. Therefore, the Assistant Controller held that the impugned design was prior published and it could not be said to be new or original. The Assistant Controller further observed that the proprietor of this design had not been able to make a difference between the UK design and the present design. This was not accepted by learned Single Judge of the Calcutta High Court and for the good reason. It was observed by learned Single Judge as under:

The illustrations in the form of drawings downloaded from the website of the United Kingdom Patent Office depict the patterns that may be applied to glass sheets. The patterns may be same but the illustrations do not give the same visual effect as the samples of the glass sheets produced by the appellant in Court. There are also no clean unmistakable instructions or directions for production of glass sheets of the pattern illustrated. The visual effect and/or appeal of a pattern embossed into glass sheets by use of embossing rollers could be different from the visual effect of the same pattern etched into glass sheets manually. The Respondent No. 1 has not considered these factors. The order impugned considered with the materials on record, including in particular the computer print outs clearly reveals that the Respondent No. 1 has only compared the pattern and/or configuration considered the visual appeal thereof, but not the visual appeal of the pattern and/or configuration on the article. In other words, the Respondent No. 1 has not considered the visual appeal of the finished product. There are no materials on record to show that the design had previously been applied to glass sheets. On the other hand, an affidavit was sworn on behalf of the appellant by a Liaison Executive affirming that he had ascertained that the proprietor of the design registered in the United Kingdom had never manufactured glass sheets of the design registered.

35. (1910) 2 Ch 25; 1910 WN 170; (1910) 27 RPC 498 (CA).
36. 1941 SC 417; (1941) 58 RPC 207 (HL).
37. AIR 1919 Cal 887.

From this it appears that in fact the pattern of the design which is reproduced on the glass sheet and the design and the pattern which was reproduced on the glass sheet of the United Kingdom was not common. The affidavit sworn on behalf of the respondent herein, the Liaison Executive that he had ascertained from the proprietor of the design registered in United Kingdom that they have never manufactured glass sheet of the design registered. This affidavit evidence of the Liaison Executive of the respondent company has remained un rebutted. Secondly, the learned Assistant Controller has not properly compared the two designs that on what comparison he found that the same configuration or pattern are identical with that of the impugned design. Simply by saying visually is liable to commit the mistake but if the comparison is to be judged whether the pattern of the United Kingdom and that of the present pattern is three dimensional or not. Both the designs were placed before us as was done before the High Court also. Learned Single Judge recorded its finding after seeing both the designs that there is distinguishable difference between the two. Similar attempt was made before us to show that both the designs *i.e.* one that is published in United Kingdom and the impugned design are identical. We have seen the original glass pattern produced before us and the photograph of the pattern produced on record. If the complainant was serious about the same, it could have produced the pattern which was reproduced on the glass sheet in the United Kingdom and the pattern which is reproduced on the glass sheet by the rollers of the design produced before us. If these two glass sheets were placed before learned Single Judge or before us we would have been able to record the finding. The finding recorded by the Assistant Controller is most inconclusive and it does not give us any assurance that it was a proper comparison of the two patterns by the Assistant Controller. Learned Single Judge of the Calcutta High Court had occasion to go through both the patterns and found that there is no comparison. Likewise, the glass sheets were placed before us with all dimensions along with a copy of the print out of the United Kingdom and we are of opinion that there is no comparison between the two. From the visual appeal placed before us, learned Single Judge has rightly concluded that there is no comparison of pattern or configuration of two designs. We fully agree with the view taken by learned Single Judge. Hence on this count also the view taken by the Assistant Controller does not appear to be correct and the view taken by learned Single Judge of the Calcutta High Court is correct.

As a result of our above discussion, we do not find any merit in this appeal and the same is dismissed with costs of ₹ 50,000 (₹ fifty thousand only).

POINTS FOR DISCUSSION

1. Are there any guidelines in the Designs Act, 2000 to find out "new or original" design? Refer to Sections 2(d), (g), 4(b) and 6(3).
2. Discuss whether a design of rollers to manufacture various other articles including plastic, rexin and leather published in 1993 in Germany and applied for registration to glass sheets in India in 2002 is "original" as per Section 2(g).
3. Discuss the application of test laid down in *Interlego A.G. v. Tyco Industries Inc.*, 1989 AC 217: (1988) 3 WLR 678: (1988) 16 RPC 343 (PC) to find out "appeal to and are judged solely by the eye" in the definition of design under Section 2(d). Do you think that the Court has correctly applied this test in this case?
4. Discuss the requirement of Section 4(b) on prior publication. Whether registration in a foreign country is covered under this clause? Is it mandatory that the registered design must be used in the country to attract Section 4(b)? Do you think that the Court correctly applied Section 4(b) to the facts of this case?
5. Discuss whether a person who acquired a design from a foreign owner of design who has not registered his design in India within the priority date could be considered a proprietor under Section 2(j).
6. Identify the reasons given by the Court to decide that the design is new or original? Do you think that the Court is correct?

READ

Reckitt Benckiser (India) Ltd. v. Wyeth Ltd., (2009) 41 PTC 24 (Del);
Reckitt Benckiser (India) Ltd. v. Wyeth Ltd., (2010) 44 PTC 589 (Del).

Test of novelty

HELLO MINERAL WATER (P) LTD. v.
 THERMOKING CALIFORNIA PURE
 2000 Arb LR 491 (Del)

JUSTICE S.N. KAPOOR

In this case, plaintiff claims that he has a registered design under Certificate of Registration of Design No. 171327 dated 13-5-1996 and the photocopies thereof are already on record at pp. 4 to 8. The grievance of the plaintiff is that the defendants are infringing his copyright by using the same design in respect of water coolers. The plaintiff claims that he has sold goods up to May 1997 worth ₹ 2,20,71,976 and has built up the goodwill in respect of water coolers. The defendant introduced his product through publicity by sending pamphlets of water coolers in the month of May 1997 which is an obvious imitation. Earlier also, the same

1] HELLO MINERAL WATER (P) LTD. v. THERMOKING CALIFORNIA PURE ■ 99

defendant used the bottles of the plaintiff company and on filing of the suit, this Court restrained the defendant by order dated 9-1-1997. The learned counsel for the plaintiff in respect of his submissions relies upon the report of the Local Commissioner wherein it is stated that defendant has not manufactured the water cooler of its design but 100 pamphlets were found with the defendant. Consequently, the plaintiff seeks an interim injunction for restraining the defendants from using the design in any manner.

The case of the defendant is that there is no novelty in the design for it was already known and was being used in the market in India as well as abroad. Consequently, the plaintiff cannot claim any monopoly by virtue of the registration. It is also claimed that the plaintiff is neither the originator nor inventor of the design. It is further contended that the plaintiff cannot seek injunction for the design is of recent date where damages would be sufficient remedy in case of plaintiff succeeding in the suit. [**** referred to the definition of design and copyright and Sections 46, 47 and 53 in the 1911 Act, arguments of parties and continued.]

As regards the originality and novelty of design, from the side of the defendant, numerous pamphlets have been filed indicating cylindrical features of the mineral water coolers not only of the plaintiff but "FREEDOM" of Drink Well India Private Ltd., "DIAMOND" Cold/Hot Water Dispensers. However, except the submission of learned counsel for the defendant, there is nothing to indicate on the file that it was so. But at the same time, the plaintiff in his replication about such designs stated that the plaintiff is the first one to design the particular type of water dispensing machine/cooler. It is not a trade variant for original and new design. While admitting the existence of the pamphlets filed by the defendant, the plaintiff claimed that the defendant has not placed on record water dispensing machines prior to the registered design of the plaintiff. The plaintiff has surveyed the market and these companies, pamphlets of which are on record, manufacturing of mineral water dispensing machines/coolers. Consequently, at this stage in the absence of any specific evidence, it is not possible to say *prima facie* that the water coolers of similar design are being sold in the market or not.

It also appears that insofar as the cylindrical shape is concerned, there is no novelty for the novelty does not lie in just shape of this kind or the other, it is something much more. Novelty as defined in *Black's Law Dictionary* reads as under: "In order that there may be 'novelty' so as to sustain a patent, the thing must not have been known to any one before; mere novelty of form being insufficient." Accordingly, mere novelty of form or shape is insufficient. Novelty involves the presence of some element or new position of an old element in combination, different from anything found in any prior structure. Secondly, in even cylindrical shape, there may be different shapes. The test is to consider and look at

the design in question with an instructed eye and say whether there was or there was not such a difference between that which has been published previously, and the registered design as to entitle the proprietor. However, the colour combination, the location of the cup holder and brand labels may give an impression that it may or may not be a copy of the design of the plaintiff. But there may be some reasonable apprehension about passing off the goods. Submission of the learned counsel for the defendant that these water coolers are purchased not always by illiterate persons and as such, similar type of cylindrical water coolers were available in the market is also not an irrelevant consideration.

The learned counsel for the defendant at this stage states that the defendant undertakes to remove the cup holder and place it differently and of different design; use the different kind of water tap; colour though may remain white but of different shade; and bolder brand names in order to avoid giving any impression that it is either a copy of the design of the plaintiff or it is an attempt to pass off his goods. As regards the red and blue colour of part of water taps, learned counsel for the defendant submits that it is universally used colour and there is nothing specific and the taps are of totally different designs.

In *Niky Tasha India (P) Ltd. v. Faridabad Gas Gadgets (P) Ltd.*³⁸, a Division Bench of this Court took the view that "an interlocutory injunction will not normally be granted where damages will provide an adequate remedy should the claim succeed", "where the design is of recent date" and "more so when there is serious question as to the validity of the design".

In view of the submissions made and undertaking given by learned counsel for the defendant during arguments, I feel that while the defendant may use the cylindrical shape of his water coolers, he would use different colour combination, at least of different shade, place the cup holder of different design at different place so that the consumers are not misled. The defendant shall also use bolder brand name indicating its name at different place than at the place at which it is being shown by the plaintiff. In view of the statement of the learned counsel for the defendant, I feel that it would be appropriate to dispose of the application further subject to two following conditions: (i) the defendant shall continuously submit quarterly statements of manufacture and sale of the water cooler using the same design; and (ii) the defendant shall give an undertaking that in case the suit is decreed in favour of the plaintiff, he shall pay 15 per cent of the gross sale proceeds to the plaintiff within six months. The application is disposed of accordingly. List the matter on 2-11-1999 before Joint Registrar for admission/denial of documents. Order accordingly.

38. AIR 1985 Del 136; (1984) 4 PTC 87.

1] GLAXO SMITHKLINE & CO. v. ANCHOR HEALTH (P) LTD.

POINTS FOR DISCUSSION

1. Identify the test laid down by the Court to find out novelty.
2. What is the difference between novelty and originality in design?
3. Is the Court justified in allowing the defendant to use the design with the changes suggested?
4. Is the concern of the design law to prevent consumer deception when the design is not new or original?

GLAXO SMITHKLINE CONSUMER HEALTHCARE GMBH
& CO. v. ANCHOR HEALTH & BEAUTYCARE (P) LTD.
(2004) 29 PTC 72 (Del)

JUSTICE R.C. CHOPRA

In IA No. 10928/200, under Order 39 Rules 1 and 2 of Code of Civil Procedure plaintiffs seek an ad interim injunction restraining the defendant from manufacturing, selling or offering for sale the toothbrushes which infringe the plaintiffs' registered Design No. 170554. Vide IAs No. 4541/2003 and 6572/2003 under Order 39 Rule 4 CPC the defendant seeks vacation of the ex-parte ad interim injunction issued *vide* orders dated 26-11-2002.

The plaintiffs have filed a suit for injunction and accounts regarding profits on account of infringement of its registered Design No. 170554 in respect of their toothbrush (Annexure "B"). Plaintiff 1 is a company organised under the laws of Germany and was earlier known as Linger & Fischer GmbH. Pursuant to a change in its name, it became Smithkline Beecham Consumer Healthcare GmbH and thereafter in pursuance of a merger its name was changed to Glaxo Smithkline Consumer Healthcare GmbH & Co. KG, *i.e.* Plaintiff 1.

The plaintiffs have alleged that the present action concerns the design of its toothbrush registered *vide* Registration No. 170554 dated 7-7-1995. A copy of the registration certificate is filed as (Annexure "A"). A sample of the plaintiffs' brush of the aforesaid design is attached as (Annexure "B"). In para. 3 of the plaint it is pleaded that plaintiffs' design in the toothbrush is in regard to its aesthetic distinctive handle. The plaintiffs' copyright in the design was up to 7-7-2000 but was extendable for further two terms of five years each. The plaintiffs have filed an application for the renewal of the registration which is pending. (During the pendency of this suit, however the renewal is stated to have been granted). The plaintiffs have claimed that they have obtained registrations of the said design in several parts of the world as mentioned in para. 6 of the plaint but the toothbrush Annexure "B" has not been so far manufactured or sold in India. They have pleaded that it has come to

their notice that the defendant is offering for sale the toothbrushes under the brand name "Anchor Flexi Grip" with a design which infringes the plaintiffs' aforesaid registered design. A sample of the defendants' brush is attached as (Annexure "C"). Another offending model statedly offered for sale by the defendant under the name "Anchor Flexi Kids" is attached as (Annexure "D"). According to the plaintiffs, in view of fraudulent similarity between the design registered in their favour and the toothbrushes being produced by the defendant, the defendant is liable to be restrained from manufacturing, selling or offering for sale the toothbrushes which are fraudulent and obvious imitation of their registered design. An ex parte ad interim injunction was issued in favour of the plaintiff and against the defendant *vide* orders dated 26-11-2002.

The defendant has filed a written statement as well as applications under Order 39 Rule 4 CPC challenging the plaintiffs' plea for grant of permanent or ad interim injunction. The defendant asserts that the suit filed by the plaintiffs is an abuse of the process of law and the plaintiffs have not only made malicious, fraudulent, dishonest and false representation in the suit but have also concealed material facts from the Court with a view to obtain an ex parte ad interim injunction.

It is denied that the registered Design No. 170554 is a new or original design. It is asserted that the shape and configuration of this brush was pre-known and pre-published in India as well as other countries. It is pointed out that the toothbrushes having "S" shaped zigzag angular neck and curved handle with identical shape and configuration are being manufactured and marketed by a large number of companies in India and abroad and the Design No. 170554 which the plaintiffs have got registered is an obvious imitation thereof. It is asserted that no novelty resides in the shape and configuration of the newly registered design. The defendant specifically refers to Suit No. 2515 of 1996 filed by the plaintiffs against Hindustan Lever Limited on the basis of their earlier registered designs bearing Nos. 1666434 and 167936 in which the plaintiffs' application for an ad interim injunction under Order 39 Rules 1 and 2 CPC was dismissed. The order is reported in *Smithkline Beecham Plc. v. Hindustan Lever Ltd.*³⁹ It is pointed out that in the said suit the plaintiffs relied upon the designs similar in features, shape and configuration which were named "Aquafresh Flexi" and "Aquafresh Flex-N-Direct". The samples of these toothbrushes are placed on record as (Annexure D-1 & D-2). Copy of the plaint is placed on record as (Annexure D-3). In the said suit, the Court held that the registered designs of the plaintiffs' brushes were bad on the ground of being prior published, lack of novelty and certain features which were purely functional and utilitarian. In the said suit the plaintiffs gave up their claim of infringement of registered

designs and admitted prior publication. The defendant pleads that the filing of the aforesaid suit and orders passed therein was not disclosed in the present plaint which was concealment of material facts from the courts with a view to obtain an ex-parte injunction. [**** referred more arguments and continued.]

In order to find out as to whether the plaintiffs are entitled or not to an ad interim injunction so as to restrain the defendant from manufacturing or selling the toothbrushes, design of which is identical or similar to Design No. 170554 registered in favour of the plaintiffs, this Court has to find out as to whether the design registered *vide* Registration No. 170554 in favour of the plaintiff suffers or not from any of the vices enumerated in Sections 4 and 19 of the Designs Act, 2000. It is also to be seen as to whether the aforesaid design is a "new design" and the three novelties pointed therein by learned counsel for the plaintiffs are novelties or mere trade variants upon the earlier designs which have gone into public domain. It is further to be seen as to whether the plaintiffs have come to the Court with clean hands or not and as to whether they are guilty or not of suppressing material facts. It is also to be seen as to whether the refusal of an ad interim injunction to the plaintiffs would result in irreparable loss/injury to the plaintiffs and the balance of convenience also is more in their favour.

Coming to the question as to whether the plaintiffs have succeeded or not in making out a *prima facie* case in regard to the infringement of their registered Design No. 170554, this Court finds that the said design registered in favour of the plaintiffs is a virtual reproduction of the plaintiffs earlier Designs No. 166434 and 167936 which appear to have already gone into public domain. The plaintiffs have been refused injunctions in respect of the infringement of the said two designs by different courts. Learned counsel for the plaintiffs, however, has tried to impress upon this Court that the instant Design No. 170554 is a new design and is not at all hit by Sections 4 and 19 of the Designs Act inasmuch as there are three variations/novelties in the new design. He submits that the rubber cushioning in zig-zag S-bend rubber patches on neck and a rubber line running from the handle to neck are novelties and the defendant has no right to infringe the same. The plea of learned counsel for the defendant on the other hand is that these three variations do not constitute a new design in respect of the shape and configuration of the toothbrush and are merely trade variations which have been introduced with the sole object of holding over a design which had gone into public domain.

After examining the design of the plaintiffs' earlier two toothbrushes and the toothbrush in question which was registered *vide* Design No. 170554, this Court *prima facie* finds that the three changes as pointed out by learned counsel for the plaintiffs do not constitute a new design and are merely trade variations which are neither inventive nor

39. (1999) 19 PTC 775 (Del).

innovative. It is true that in certain cases even a small novelty may introduce a new design but the bottom line is that a really new design should come into existence which is not a copy or trade variation of the earlier design introduced *mala fide* to continue to have a hold on the old design. Novelty should be capable of making a design different and distinctive at first sight of the consumer, should be new and should not require lot of effort to find out the novelty. If this yardstick is not applied then by introducing minor and insignificant changes here and there, one may try to monopolise an old and already known design which cannot be protected even by Designs Act. The judgments cited by learned counsel for the plaintiffs do say that even small novelty may create a new design but the novelty should not be a mere trade variation. Enough material has been placed on record to show that the brushes with similar shape and configuration having similar zig-zag S-bend have been in the market for years together and the plaintiffs themselves have been conceding in different litigations that they have gone into public domain. Therefore, even the registration of the design in question appears to have been obtained fraudulently without disclosing to the registering authority the earlier designs and earlier litigations between various parties including the plaintiffs.

This Court further is of the view that zig-zag S-bend is a utilitarian and functional part regarding which the plaintiffs had even obtained a patent on the ground that this zig-zag bend introduces more flexibility in the toothbrush. By merely putting some rubber cushions in the gaps this part does not become a design so as to preclude others from using it. These rubber cushions may enhance the flexibility and as such are utilitarian components. The handle also is a utilitarian part and introduction of certain patches thereon does not introduce any design therein. Points A shown in the registered design are *prima facie* trade variant having no novelty of design and as such were not even capable of registration. Even Hon'ble Dr Justice M.K. Sharma in Suit No. 2515/1996 while dealing with the plaintiffs' Designs No. 166434 and 167936 held that S-bend neck was utilitarian and functional part and as such incapable of registration as a design. In the said suit the plaintiffs admitted prior publication of the aforesaid two designs and gave up their claim of infringement of designs. Since the plaintiffs' earlier two designs were already in public domain and there is nothing new in the present design the plaintiffs have no *prima facie* case to show that the defendant is infringing their design.

[***** referred to the observation of the learned Single Judge and the suppression of facts by the plaintiff and continued.]
After considering the pleading, documents on record and the submissions made by learned counsel for the parties, this Court is *prima facie* of the view that the plaintiffs' design in question is hit by Section 19(1)(b)(c) read with Section 4(c) of the Act inasmuch as there is nothing new in

this design and the so-called new or innovative steps as pointed out by the plaintiffs are only trade variants and an attempt to continue its hold over old design of the toothbrush which has gone into public domain and regarding which the plaintiffs have been repeatedly rebuffed by the courts. The plaintiffs obtained the registration without pointing out the so-called novelties which create a new design. It is true that even a small inventive step may create a new design but in the case in hand, the three improvements in the earlier designs pointed out by learned counsel for the plaintiffs are neither inventive nor introduced new features in the design. A comparison between the plaintiffs' new brush Annexure "B" shown as Brush No. 4 on the Board with the plaintiffs' earlier brushes shown as Brush Nos. 1 & 2 *prima facie* shows that there is no novelty in the design. Only by introducing few insignificant changes, the plaintiffs have succeeded in getting the new design registered which was already in public domain. It is tantamount to playing fraud on the statute which contemplates to put registered designs in public domain after the expiry of the statutory period. The time now has come when the courts should be more circumspect in such matters as cut throat competition between industrial and commercial houses is prompting them to throttle their competitors/opponents and they do not even hesitate to abuse the process of law so as to disable their competitor from exploiting the market. The plaintiffs' effort also appears to be in the same direction and to some extent they have succeeded even by obtaining an *ex parte ad interim* injunction and debar the defendant from selling its toothbrushes with a design which is already in public domain and over which none has any proprietary right. This Court is of the considered view that novelty or newness may be very small but this novelty should be really novel and not a mere pretext of novelty. Adding something here and there to raise a plea of new design without actually introducing a new design has to be spurned.

[***** discussed the decisions in earlier cases in other court and the suppression by the plaintiff and concluded.]

This court is of *prima facie* view that the plaintiffs after surrender of earlier designs which had gone into public domain are only trying to overcome their disability by dubious means. They have managed to get Design No. 170445 registered in their favour by introducing insignificant and small changes which do not introduce any novelty or a new design in their toothbrush and the new design is a mere fraudulent imitation of the old designs. The distinctive features of the design in question and earlier designs which are in public domain are almost identical and obvious imitation. The plaintiffs would not suffer any irreparable loss/injury if the defendant also manufactures the brushes with similar features as both have a healthy competition in the market. The defendant would rather suffer irreparably if the plaintiffs succeed in ousting it from the market

on the basis of a registered design which is already in public domain and was not *prima facie* registrable even.

In the result, this Court has no hesitation in holding that the plaintiffs have failed to make out a *prima facie* case for the grant of ad interim injunction on the basis of registered Design No. 170554. Their application is therefore, dismissed with costs of ₹ 25,000. The ex parte ad interim order is vacated. Nothing stated herein shall be taken as an expression of opinion on the merits of the suit pending before this Court.

POINTS FOR DISCUSSION

1. Identify the test laid down by the Court to find out novelty of a design.
2. What are the factors considered by the Court to deny novelty in the present case?
3. Distinguish the requirements of novelty of patent with that of design.
4. Find out the reasons for giving option to establish "new or original" to meet the requirement for design protection.
5. Find out the reasons for not granting design protection to functional designs.
6. Read *Wimco Ltd. v. Meena Match Industries*, ILR (1984) 1 Del 121; 1983 PTC 373 and distinguish it with the present case.
7. Read also *B. Chawla v. Bright Auto Industries*, AIR 1981 Del 95.

REFERENCES

1. "Novelty and Originality of Registered Designs" (1988) 10 EIPR 191.
2. Louise J. Duncan, "Improvement of International Protection of Designs and Models" (1993) 4 AIPJ 32?
3. Tim Golder, "Should Designs be Better Protected?" (1990) 1 AIPJ 107.

CONCEPT OF DISTINCTIVENESS IN TRADE AND SERVICE MARKS

Protection of trade mark as an intellectual property is often justified because of its ability to distinguish a product or service of one person from those of others. This characteristic of the trade mark is beneficial not only to the trader but also to the customer because it is supposed to ensure that the product or service is having the quality expected by the customer by way of assuring the source or origin of the goods or services. Precisely because of this reason, when a mark is shown to be incapable of indicating the source of origin of the goods or services, trade mark protection is denied. In other words the requirement of distinctiveness

is meant to exclude the marks, which are incapable of distinguishing the goods or services originating from one trader from similar goods or services originating from other traders from the purview of trade mark protection.

However, assessment of distinctiveness is a difficult task. Now it is an accepted fact that distinctiveness can be either inherent or acquired through use.⁴⁰ An invented or fanciful word was considered to be inherently distinctive whereas a descriptive or common word is considered to be capable of acquiring distinctiveness by use. That is, a purely descriptive mark may gain a new significance, and its connotation being no longer purely descriptive, registration of it will become justified.

Test of distinctiveness

NATIONAL BELL CO. v. METAL GOODS MFG. CO. (P) LTD.

(1970) 3 SCC 665; (1950-2000) 22 PTC Supp (1) 586

(JUSTICE J.M. SHELAT AND JUSTICE C.A. VAIDIALINGAM)

JUSTICE J.M. SHELAT

These two appeals, under certificate, are directed against the common judgment and order of the High Court of Punjab, dated 25-2-1965, passed in four letters patent appeals filed by the two appellants companies and the respondent company against the judgment and order of a learned Single Judge of the High Court. The said appeals were the outcome of two applications filed in the High Court under Section 111 of the Trade and Merchandise Marks Act, 43 of 1958 (referred to hereinafter as "the Act"), for rectification of the Register in respect of two registered Trade Mark Nos. 161543 and 161544, registered on 20-11-1953, in respect of cycle bells manufactured by the respondent company. Registered Trade Mark No. 161543 was the numeral "50" and Trade Mark No. 161544 was the figure "Fifty".

The two appellants companies carry on business in Kapurthala in Punjab. One of them the National Bell Co. Ltd., claimed to be manufacturing bells with numerals "33", "50", "51" and "40" inscribed on them since 1957 and the other Gupta Industrial Corporation since 1947, with

40. Originally, in order to be registrable, the mark needed to be "adapted to distinguish", which meant that it should have an inherent capacity to distinguish. The result was that words of a highly descriptive nature were considered incapable of ever becoming trade marks, however extensively used they might be and got recognised by the public as originating from a particular source. However, this trend was felt unsound from a practical commercial point of view. Read, Christopher Robinson, "The Canadian Trade Marks Act, 1954: A Review of Some of its Features" (1959) 49 TMR 792, 802.

numerals "20", "50" and "60" inscribed on cycle bells manufactured by it. The two applications for rectification arose out of suits filed in the District Court, Lucknow, by the respondent company against the two appellants on the ground of infringement of its said registered trade marks the numeral "50" and the figure "Fifty". On 24-4-1961, the District Court stayed the said suits at the instance of the appellants giving them time for filing the said rectification applications in the High Court.

The grounds alleged in the applications were (1) that the numerals "50" and the word "Fifty" were common to the trade at the time of the original registration and were therefore not distinctive of the bells manufactured by the respondent company, (2) that many other manufacturers in the market were using the numeral "50" and word "Fifty" on or in relation to cycle bells and therefore, the distinctiveness of the said marks in relation to the bells, manufactured by the respondent company, if any, had been lost, (3) that the respondent company did not get the registration of these marks with any bona fide intention of using them in relation to their cycle bells and that in fact there had been no bona fide use of the said trade marks in relation to their goods before the date of the applications. They also alleged that the respondent company had fraudulently declared at the time of registration that they were the originators or proprietors of the said two marks "50" and "Fifty". Both sides led evidence, oral and documentary, the latter including several price-lists from the possession of some of the dealers in cycle spare parts.

[***** the trial court held that the trade mark, namely, the numeral "50", was not at the commencement of the proceeding distinctive of the goods of the respondent company as (a) numerals are *prima facie* not distinctive except in case of textile goods as recognised by Part III of the Trade and Merchandise Mark Rules, 1959 and (b) that the numeral "50" was being commonly used by several dealers and manufacturers subsequent to the registration thereof by the respondent company and that, therefore, the registered trade mark, the numeral "50", was hit by clause (c) of Section 32. The Court also summarised Sections 2(j), 9, 11, 32 of the 1958 Act and continued.]

We are not concerned with clause (a) as no such case was even averred in the applications as pointed out both by the trial Judge and the Division Bench. As regards clause (b), it will be at once noticed that the clause relates to facts existing both at the time of and after registration. If a mark at the time of registration was such that it was likely to deceive or cause confusion or its use would be contrary to any law or contained or consisted of scandalous or obscene matters or matter likely to hurt religious susceptibilities or which would otherwise be disentitled to protection of a court, and therefore, was under Section 11 prohibited from being registered, clause (b) would apply, and the rule as to conclusiveness

of the validity of the registration cannot be invoked. That would also be so, if the trade mark at the date of the rectification proceedings was such as to offend against the provisions of Section 11. But, unlike clause (b), clause (c) relates to facts which are post-registration facts, existing at the date of the commencement of the proceedings. If the trade mark at such date is not distinctive in relation to the goods of the registered proprietor, the rule as to conclusiveness enunciated in Section 32 again would not apply. It would seem that the word "distinctive" in clause (b) is presumably used in the same sense in which it is defined in Section 9(3), as the definition of the expression therein commences with the words "for the purposes of this Act" and not the words "for the purposes of this section," the intention of the legislature, thus, being to give uniform meaning to that expression all throughout the Act. Section 56 deals with the power to cancel or vary registration and to rectify the Register. Subsection (2) thereof confers a right to any person "aggrieved" by an entry made in the Register without sufficient cause or by an entry wrongly remaining in the Register to apply to the tribunal for expunging or varying such an entry. The expression "aggrieved person" has received liberal construction from the courts and includes a person who has, before registration, used the trade mark in question as also a person against whom an infringement action is taken or threatened by the registered proprietor of such a trade mark. The words "without sufficient cause" in the section have clear relation to the time of the original registration. Therefore, a person can apply for cancellation on the ground that the trade mark in question was not at the date of the commencement of the proceedings distinctive in the sense of Section 9(3). The burden of proof, however, in such a case as aforesaid, is on the applicant applying under Section 56.

The contention was that numerals, such as "50", are *prima facie* not considered distinctive and to be registrable there must be evidence of extensive use. The contention was sought to be fortified by showing that contrary to the practice in England, Rules 139 and 140 of the Rules of 1959 permit numerals to be registered as trade marks only in the case of textile goods. But that is permitted on account of a long-standing practice in that particular trade of using numerals with a view to distinguish goods of a particular manufacturer or a particular type or quality. It will, however, be noticed that although in the 8th Edition of *Kerly on Trade Marks*, p. 135, it was stated that numerals are considered to be *prima facie* not distinctive and registrable only upon proof of their extensive use, the 9th Edition of the same work does not reproduce that passage. On the contrary, at p. 284, the learned editor states that numerals are capable of registration and that such marks exist. For this change the learned editor relies on the registered trade mark "4711", for eau-de-cologne, which was the subject-matter of dispute in *R.J. Reuter Co.*

*Ltd. v. Mulhens*⁴¹. In that case, however, no contention was raised as to whether the trade mark consisting of a numeral could be distinctive or not and the Court, therefore, was not called upon to decide such a point. But the parties appear to have proceeded on the assumption that the numeral "4711" was validly registered as a trade mark for that particular brand of eau-de-cologne by reason of its having gained distinctiveness by extensive use. It is, therefore, not an inflexible rule and that was also conceded by Mr Desai, that a mark consisting of a numeral is necessarily not distinctive and is riot registrable, except only in the case of textile goods, in spite of proof of extensive use.

Section 32 in clear terms provides that the original registration of a trade mark, after expiry of seven years from the date of its registration, shall be taken to be valid in all respects in all legal proceedings including those under Section 56, except in the three categories of cases mentioned therein. It follows, therefore, that no objection that the trade mark in question was not distinctive and therefore, was not registrable under Section 9 can be entertained if such an objection is raised after seven years have lapsed since the date of its registration as in the present case, nor can an objection be entertained that no proof of distinctiveness was adduced or insisted upon at the time of the original registration. This is clear also from the fact that the three exceptions set out in Section 32 against conclusiveness as to the validity of the registration relate to, (1) fraud, (2) contravention of Section 11 and (3) absence of distinctiveness at the commencement of the proceedings in question and not at the time of registration. No contention, therefore, can be raised that the trade marks "50" and "Fifty" were not distinctive *i.e.* adapted to distinguish the cycle bells of the respondent company at the date of the registration, and therefore, were not registrable as provided by Section 9 of the Act.

[**** referred to cases and continued.]

But the argument was that the appellant companies were entitled to show under clauses (b) and (c) in Section 32, (1) that these marks were registered in contravention of Section 11, or that, they offended against the provisions of that section on the date of the commencement of these proceedings, and (2) that they were not distinctive at the date of the commencement of these proceedings.

Section 11, as already noticed, does not, as Section 9 does lay down the requisites for registration, but lays down prohibition against certain marks from being registered. Clauses (b), (c) and (d) of Section 11 obviously do not apply in the present case but reliance was placed on clauses (a) and (e) *i.e.* that the use of these trade marks would be likely to deceive or cause confusion and that they were such that they were

41. 1954 Ch 50; (1953) 3 WLR 789; (1953) 2 All ER 1160.

otherwise disentitled to protection in a court. The burden of proof being on the appellant companies, the question is: has that burden been satisfactorily discharged? The evidence relied on by them was that of dealers in cycle spare parts including bells, certain price lists produced through them and the two representatives of the two appellant companies. That evidence, no doubt, shows, (1) that for a number of years prior to 1952 bells manufactured by Lucas and certain other foreign concerns with various numerals such as "30", "50" and "61" inscribed either on the bells or on their cartons were in the market, (2) that even after 1952 bells with inscriptions thereon, such as "Berry 50", "National 50", "Five 50", "Padam 50" "Balco 50" etc., manufactured by one of the appellant companies, were sold in the market, (3) that Gupta Industrial Corporation, one of the appellant companies, claimed to have started the manufacture of bells since 1947, calling them "Gupta 50" and the National Bell Company likewise began to produce bells, calling them "National 50" since 1957. But both the learned Single Judge and the Division Bench clearly found, (1) that there was no evidence of any fraud having been committed by the respondent company at the time of the registration; (2) that there was no averment by the appellant companies, much less any evidence that Lucas or any other foreign concerns had obtained registration of trade marks either of the numeral "50" or the word "Fifty", that the indication, on the contrary, was that those concerns used the different numerals, "30", "61" and "50", etc. for distinguishing one type of bell from the other manufactured by them and (3) that about a year prior to the registration of the trade marks in question in 1953 foreign bells were prohibited from being imported. Obviously, therefore, the evidence as to purchases and sales by the dealers examined by the appellant companies related to bells, which had remained unsold from out of the stock earlier imported. As regards the bells called "Gupta 50" said to have been manufactured by one of the appellant companies since 1947, no evidence was led to show either the extent of manufacture or sale between 1947 and 1953 or thereafter from which the High Court could be asked to draw any inference as to the likelihood of deception or confusion. Though there was some evidence that foreign made bells such as Lucas "30", "50" and "61" were being sold as late as 1958, such sales must have been few and far between as they could only be from the remaining stock out of the earlier imports. Such sales could hardly be considered as evidence showing a likelihood of confusion or deception as contemplated by Section 11(a). In fact, the evidence was that purchasers used to call those bells not by their numerals but simply as Lucas' bells and those manufactured by the respondent company as "Asia bells" and in some cases "Asia 50". As against the voluminous sales by the respondent company shown by the statements filed by it for the years 1949-50 to 1961-62, there was no such corresponding evidence indicating the sales

of other bells with numerals, such as "50" inscribed on them from which any likelihood of confusion or deception could be deduced. Regarding deception, there was indeed no evidence whatsoever in that regard. There was no question of piracy also on the part of the respondent company as argued by counsel, as there was nothing to show that Lucas or any other foreign concerns used this numeral except for distinguishing one type of bell from another manufactured by them. In our view, clause (a) of Section 11, therefore, is clearly not attracted.

The next question is whether the trade mark "50" or "Fifty" is one which would otherwise be disentitled to protection in a court as laid down in clause (e) of Section 11 so as to attract clause (b) of Section 32. While construing clause (e) of Section 11, it is necessary to repeat that it deals with prohibition and not with requisites of registration. Therefore, although a mark cannot be registered for instance, because it is not distinctive as provided by Section 9, such a mark is not for that reason only one the registration of which is prohibited by Section 11. The section lays down positive objective to registration and not to mere lack of qualification. This is clear from clause (e) of Section 11, which uses the expression "disentitled to protection" and not the expression "not entitled to protection". The former contemplates some illegal or other disentitlement inherent in the mark itself.⁴²

[***** also referred to *Imperial Tobacco Co's Trade Marks, re, Imperial Tobacco Co. of Great Britain and Ireland v. Pasquali*⁴³ and followed.]

The construction of clause (e) of Section 11 contended for on behalf of the appellant companies is, therefore, not correct. The true construction of clause (e) is that even assuming that the trade marks in question were not distinctive and for that reason not registrable as not falling within Section 9, that fact by itself would not mean that they became disentitled to the protection in a court. That being the true import of Section 11(e), the rule as to conclusiveness of the validity of registration embodied in Section 32 applies even to those cases where if full facts had been ascertained at the time of the registration that registration would not have been allowed provided of course that it does not offend against the provisions of Section 11 *i.e.* by there being a likelihood of deception or confusion or its being contrary to any law or containing obscene matter, etc., or which would otherwise *i.e.* in addition to the matters in clauses (a) to (d) in Section 11 be disentitled to protection in a court. Consequently, the appellant companies cannot bring their case for cancellation of the trade marks in question under clause (b) of Section 32.

There then remains the question whether clause (c) of Section 32 applies *i.e.* that the trade marks were not at the commencement of the

42. See, *Kerly on Trade Marks* (9th Edn.) 344.
43. (1918) 2 Ch 207; 87 LJ Ch 481 (Ch and CA).

proceedings distinctive of the goods of the respondent company. The distinctiveness of the trade mark in relation to the goods of a registered proprietor of such a trade mark may be lost in a variety of ways, for example, by the goods not being capable of being distinguished as the goods of such a proprietor or by extensive piracy so that the marks become *publici juris*. The principle underlying clause (c) of Section 32 is that the property in a trade mark exists so long as it continues to be distinctive of the goods of the registered proprietor in the eyes of the public or a section of the public. If the proprietor is not in a position to use the mark to distinguish his goods from those of others or has abandoned it or the mark has become so common in the market that it has ceased to connect him with his goods, there would hardly be any justification in retaining it on the Register. The progressive increase in the sales of "Asia Fifty" and "Asia 50" bells from 1949-50 and onwards together with the evidence of witnesses examined by the respondent company shows that the said trade marks distinguished the goods of the respondent company from those of other manufacturers in the field. Under Section 32(c) the marks have to be distinctive at the commencement of the proceedings. *Prima facie* the expression "commencement of the proceedings" would mean the commencement of proceedings in which the question as to the conclusive character of the registration, as laid down in Section 32 arises. Such a question may arise in a suit for infringement of the trade mark in which the registered proprietor may rely on Section 32 to prove his title to the registered trade mark as also in rectification proceedings filed as a result of such a suit or otherwise, and the period of seven years would have to be calculated according to the particular proceedings in which the conclusive nature of the validity of registration is relied on. In the present case, whether the crucial date for the purpose of Section 32(c) is taken to be 1959 when the suits were filed or 1961 when the appellant companies took out the rectification proceedings it makes no difference as it is not possible from the evidence on record to say that the trade marks in question were not or had ceased to be distinctive. The indication, on the contrary, is that they were distinctive. That is to be found from the zeal with which the respondent company tried to maintain its right in them. The evidence shows that when the respondent company found in 1954 that Indian Union Manufacturers Ltd., Calcutta, had been inscribing the word "Fifty" on its bells, it at once filed an infringement action. The action ended in a compromise by which the said company acknowledged the respondent company's rights in its trade marks of "Fifty" and "50". Again, when the attention of the respondent company was drawn to an advertisement "Five 50", it addressed a notice to the manufacturers of those bells. The case of the respondent company was that Gupta Industrial Corporation started using the word "Fifty" on its bells in 1958 and not in 1948 as contended by Mr Desai. In the absence

of any evidence as to the extent of manufacture and sale of those bells, it would not be possible to say with any certainty that the respondent company did not come to know about it till 1958 and therefore, presumed that Gupta Corporation had started using the word "Fifty" on its bells in that year. According to the appellant National Bell Co., it went into production only in 1957 and in 1959 the respondent company commenced action against it. A similar notice of infringement followed by a suit was also given to Berry and Co., but the suit became infructuous on account of lack of the jurisdiction of the Court of Banaras where it was filed. This evidence negatives any abandonment of trade marks or letting infringements go unchallenged or misleading the other manufacturers that the respondent company would not interfere if they were to use the same marks.

Rights in a mark can, of course, be abandoned by its owner but so long as he remains the registered proprietor of the mark and carries on the business to which the mark is attached, a plea of abandonment is difficult to sustain. It would, however, be a different matter if it is shown that there were repeated, undisturbed infringements. The evidence in the present case does not show that there were repeated breaches which went unchallenged though known to the proprietor. Mere neglect to proceed does not necessarily constitute abandonment if it is in respect of infringements which are not sufficient to affect the distinctiveness of the mark even if the proprietor is aware of them.⁴⁴ Where neglect to challenge infringement is alleged, the character and extent of the trade of the infringers and their position have to be reckoned in considering whether the registered proprietor is barred by such neglect.⁴⁵ The plea of common use must fail, for to establish it the use by other persons should be substantial. Though evidence was produced by the appellant companies to show that there were other bells in the market with "Fifty" or "50" inscribed on them, no evidence was led to show that the use of the word "Fifty" or the numeral "50" was substantial. In these circumstances, it is impossible to sustain the contention founded on clause (c) of Section 32.

Under Section 56, the power to rectify is undoubtedly discretionary. Where such discretion has been properly exercised, a court of appeal would refuse to interfere. In the present case, however, the trial court did not appreciate the principle embodied in Sections 32 and 11, with the result that the Division Bench was justified in interfering with the discretion exercised by the trial court.

In our view, the contentions urged on behalf of the appellant companies cannot be sustained and consequently, the two appeals fail and are dismissed with costs. There will be one hearing fee.

44. See, *Farina, re*, (1879) 27 WR 456.

45. See, *Rowland v. Mitchell, re, Rowland's Trade Mark*, (1897) 1 Ch 71; (1897) 14 RPC 37; 1896 WN 167 (CA).

POINTS FOR DISCUSSION

1. What are the requirements for a trade mark to become "distinctive"?
2. How could distinctiveness be proved?
3. Has the law on this issue undergone any change in this issue after the commencement of the Trade Marks Act, 1999?

Test of deception and confusion

If a mark tends to deceive or cause confusion as to the origin or source of the goods, then also it loses its ability to become registrable. The tests for determining whether there is deception or confusion were laid down in the *Amritdhara case*.

AMRITDHARA PHARMACY v. SATYA DEO GUPTA

AIR 1963 SC 449: (1963) 2 SCR 484

(JUSTICE S.K. DAS, JUSTICE M. HIDAYATULLAH
AND JUSTICE J.C. SHAH)

JUSTICE S.K. DAS

This is an appeal leave granted by this Court on 8-12-1958. On 19-7-1950, Satya Deo Gupta, respondent before us, made an application under Section 14 of the Trade Marks Act, 1940 (Act 5 of 1940) (hereinafter referred to as Act) for the registration of the trade mark name of a biochemical medicinal preparation, commonly known as "Lakshmandhara" in Class 5 of the Fourth Schedule to the Trade Marks Rules, 1942. The application was made by the respondent as the sole proprietor of Rup Bilas company situate at Dhankutti in Kanpur. The averments made in the application were that the said medicinal preparation had been in use by the name of "Lakshmandhara" since 1923 and was sold throughout the length and breadth of India as also in some foreign markets; the mark or name "Lakshmandhara" was said to be distinctive to the article, and it was stated that the approximate annual turnover was ₹ 40,000. Notice of the application was given by the Registrar of Trade Marks, Bombay, and the Amritdhara Pharmacy, a limited liability company and appellant before us filed an application in opposition. In this application the appellant stated that the word "Amritdhara" was already registered as a trade name, for the medicinal preparation was introduced in the market so far back as in the year 1901; on account of its great popularity many people advertised similar medicines with slight variations of name to pass off their goods as site word "Lakshmandhara" was used to denote the same medicine as "Amritdhara"; and the single word "dhara", it was

stated, was first used in conjunction with "Amritdhara" to denote the medicine of the appellant and the medicine "Lakshmandhara" being of the same nature and quality could be easily passed off as "Amritdhara" to the ultimate purchaser. The appellant contended that as "Amritdhara" was already registered and "Lakshmandhara" being a similar name was likely to deceive the public, registration should be refused.

On behalf of the respondents a counter-affidavit was made in which was stated that "Amritdhara" and "Lakshmandhara" were two distinctly different names qua no one could pass off one for the other. It was further stated that during the long period of introduction and sale of "Lakshmandhara" since 1923, no objection was ever raised from any quarter, from the appellant or anybody else, to the use of the name "Lakshmandhara". It was denied by the respondent that the composite word "Lakshmandhara" was likely to deceive the public or could by any stretch of imagination be taken or mistaken for "Amritdhara". The respondent further alleged that the single word "dhara" had no particular significance in relation to the medicine nor did that word mean or convey any special or exclusive meaning or effect in relation to the medicine. It was also stated that apart from the difference in name, the label and packing of "Lakshmandhara" had exclusive designs of their own and were not likely to be confused with any other medicine of similar nature, least of all with "Amritdhara" whose packing was distinctly different in colour, design and layout.

[**** summarised the decision of the Registrar of Trade Marks and the High Court and continued.]

Two points have been agitated before us. The first point is whether the name "Lakshmandhara" was likely to deceive the public or cause confusion to trade within the meaning of Section 8 and Section 10(1) of the Act. The second point is whether there was such acquiescence on behalf of the appellant in the use of the name "Lakshmandhara" in the State of Uttar Pradesh as to bring it within the expression "special circumstances" mentioned in sub-section (2) of Section 10 of the Act. We shall deal with these two points in the order in which we have stated them.

[**** referred to Sections 8 and 10 and continued.]

It 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 lie 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 Section 10, as in this case. In such a case the onus is on the applicant to satisfy the Registrar that the trade mark applied for is not likely to

deceive or cause confusion. In cases in which the tribunal considers that there is doubt as to whether deception is likely, the application should be refused. A trade mark is likely to deceive or cause confusion by its resemblance to another already on the Register if it is likely to do so in the course of its legitimate use in a market where the two marks are assumed to be in use by traders in that market. In considering the matter, all the circumstances of the case must be considered. As was observed by Parker J, in *Pianotist Co's Application re*⁴⁶, which was also a case of the comparison of two words:

You must take the two words. 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 trade marks is used in a normal way as a trade mark for the goods of the respective owners of marks.⁴⁷

For deceptive resemblance two important questions are: (1) Who are the persons whom the resemblance must be likely to deceive or confuse, and (2) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark on goods which he has previously bought, but is not due to imperfect recollection.⁴⁸

Let us apply these tests to the facts of the case under our consideration. It is not disputed before us that the two names "Amritdhara" and "Lakshmandhara" are in use in respect of the same description of goods, namely, a medical preparation for the alleviation of various ailments. Such medical preparation will be purchased mostly by people who instead of going to a doctor wish to purchase a medicine for the quick alleviation of their suffering, both villagers and townfolk, literate as well as illiterate. As we said in *Corn Products Refining Co. v. Shangrila Food Products Ltd.*⁴⁹, the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the two names "Amritdhara" and "Lakshmandhara" is in our opinion, likely to deceive or cause confusion. We must consider the overall similarity of the two composite words "Amritdhara" and "Lakshmandhara". We do not think that the learned Judges of the High Court were right in saying that no Indian would mistake one for the other. An unwary purchaser of average intelligence and imperfect recollection would not, as the High Court supposed, split the name into its component parts and consider

46. (1906) 23 RPC 774.

47. *Ibid*, 777.

48. See, *Kerly on Trade Marks* (8th Edn.) 400.

49. AIR 1960 SC 142; (1960) 1 SCR 968.

the etymological meaning thereof or even consider the meaning of the composite words as "current of nectar" or "current of Lakshman". He would go more by the overall structural and phonetic similarity and the nature of the medicine he has previously purchased, or has been told about, or about which he has otherwise learnt and which he wants to purchase. Where the trade relates to goods largely sold to illiterate or badly educated persons, it is no answer to say that a person educated in the Hindi language would go by the etymological or ideological meaning and see the difference between "current of nectar" and "current of Lakshman". "Current of Lakshman" in a literal sense has no meaning; to give it meaning one must further make the inference that the "current or stream" is as pure and strong as Lakshman of the Ramayana. An ordinary Indian villager or townsman will perhaps know Lakshman, the story of the Ramayana being familiar to him; but we doubt if he would etymologise to the extent seeing the so-called ideological difference between "Amritdhara" and "Lakshmandhara". He would go more by the similarity of the two names in the context of the widely known medicinal preparation which he wants for his ailments.

We agree that the use of the word "dhara" which literally means "current or stream" is not by itself decisive of the matter. What we have to consider here is the overall similarity of the composite words, having regard to the circumstance that the goods bearing the two names are medicinal preparations of the same description. We are aware that the admission of a mark is not to be refused, because unusually, stupid people, "fools or idiots", may be deceived. A critical comparison of the two names having regard to the nature of the medicine he is looking for with a somewhat vague recollection that he had purchased a similar medicine on a previous occasion with a similar name. The trade mark is the whole thing—the whole word has to be considered. In the case of the application to register "Erectiks" (opposed by the proprietors of the trade mark "Erector") Farwell J said in *William Bailey (Birmingham) Ltd. Application*⁵⁰:

I do not think it is right to take a part of the word and compare it with a part of the other word; one word must be considered as a whole and compared with the other word as a whole ... I think it is a dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word.

Nor do we think that the High Court was right in thinking that the appellant was claiming a monopoly in the common Hindi word "dhara". We do not think that that is quite the position here. What the appellant is claiming is its rights under Section 21 of the Act. The exclusive right to the use of its trade mark and to oppose the registration of a trade mark

50. (1935) 52 RPC 136.

which so nearly resembles its trade mark that it is likely to deceive or cause confusion.

A large number of decisions relating to the use of composite words, such as Night Cap Red Cap, Limit and Summit, Rito and Lito, Notrate and Filtrate, etc., were cited in the High Court. Some more have been cited before us. Such decisions, examples of deceptive resemblance arising out of contrasted words, have been summarised at pp. 429 to 434 in *Kerly on Trade Marks*, 8th Edition. No useful purpose will be served by referring to them all. As we have said earlier each case must be decided on its own facts. What degree of resemblance is necessary, to deceive or cause confusion, must in the nature of things be incapable of definition *a priori*.

[**** discussed Annexure A and continued.]

On a consideration of all the circumstances, we have come to the conclusion that the overall similarity between the two names in respect of the same description of goods was likely to cause deception or confusion within the meaning of Section 10(1) of the Act and the Registrar was right in the view he expressed. The High Court was in error in taking a contrary view.

We now go to the second question, that of acquiescence. Here again we are in agreement with the Registrar of Trade Marks who in a paragraph of his order, quoted earlier in this judgment, has summarised the facts circumstances on which the plea of acquiescence was based. The matter has been put thus in *Halsbury's Laws of England*⁵¹.

If a trader allows another person who is acting in good faith to build up a reputation under a trade name or mark to which he has rights, he may lose his right to complain, and may even be debarred from himself using such name or mark. But even long user by another, if fraudulent, does not affect the plaintiff's right to a final injunction; on the other hand prompt warning or action, before the defendant has built up any goodwill, may materially assist the plaintiff's case.

We do not think that there was any fraudulent user by the respondent of his trade name "Lakshmandhara". The name was first used in 1923 in a small way in Uttar Pradesh. Later it was more extensively used and in the same journals the two trade marks were published. The finding of the Registrar is that the appellant and its agents were well aware of the advertisements of the respondent and the appellant stood by and allowed the respondent to develop his business till it grew from a small beginning in 1923 to an annual turnover ₹ 43,000 in 1949. These circumstances establish the plea of acquiescence and bring the case within sub-section (2) of Section 10, and in view of the admission made on behalf of the respondent that his goods were sold mainly in Uttar Pradesh, the Registrar was right in imposing the limitation which he imposed.

51. Vol. 32 (2nd Edn.) 656-57, para. 966.

For these reasons, we would allow the appeal, set aside the judgment and order of the High Court, and restore those of the Registrar of Trade Marks, Bombay, dated 10-9-1953. In the circumstances of this case, there will be no order for costs.

Appeal allowed.

POINTS FOR DISCUSSION

1. What are the tests laid down by the Court to determine if a mark is "like to deceive or cause confusion"?
2. How is the test applied in the present case?
3. Is there a relationship between "likely to deceive or cause confusion" and the requirement of distinctiveness?

Test of acquired distinctiveness

DURGA DUTT SHARMA v. NAVARATNA PHARMACEUTICAL LABORATORIES

(1950-2000) 23 PTC Supp (2) 680: AIR
1965 SC 980: (1965) 1 SCR 737

(CHIEF JUSTICE P.B. GAJENDRAGADKAR, JUSTICE J.C.
SHAH AND JUSTICE N. RAJAGOPALA AYYANGAR)

JUSTICE N. RAJAGOPALA AYYANGAR

These two appeals, by special leave, are concerned with the validity of the respondent firm's claim as the registered proprietor of a trade mark "Navaratna Pharmaceutical Laboratories" used by it on its medicinal preparations. The two appeals arise out of different proceedings but before narrating their history it would be convenient to briefly set out the facts upon which the claim of the respondent to the exclusive use of this trade mark is based. The respondent, as stated already, is a firm and it carries on business at Ernakulam in the same name and style as the trade mark now in controversy—"Navaratna Pharmaceutical Laboratories". As its name indicates, the firm manufactures medicinal products. The business of the firm was founded sometime in 1926 by one Dr Sarvothama Rao who is now no more. When started, the business was called "Navaratna Pharmacy" but from January 1945 the name of the business was changed to the present one—Navaratna Pharmaceutical Laboratories. From the very beginning the proprietors used the trade mark "Navaratna" on the products which they manufactured and sold. In December 1928, the word "Navaratna" and the name "Navaratna Pharmacy" as connoting the products of the respondent firm were registered by a declaration of ownership before the Registrar of Assurances,

Calcutta. When a legislation substantially similar to the Indian Trade Marks Act, 1940 was enacted in the State of Cochin [Vide the Cochin Trade Marks Act, 19 of 1199 (1944)] the respondent-firm registered the word "Navaratna" as a trade mark in respect of its medicinal preparations on 31-1-1947 and another mark consisting of the words "Navaratna Pharmaceutical Laboratories" to denote the same products on 17-2-1948. There is evidence that the respondent-firm has been having an expanding business in the products which it manufactures and has been selling the same under the above and other cognate names, and this has continued ever since. The Trade Marks (Amendment) Act, 1946 (Act 12 of 1946) inserted Section 82-A in the Trade Marks Act, 1940 and under this provision the Central Government was empowered to enter into reciprocal arrangements with Indian States for mutual recognition of trade marks registered in the other territory. There was a similar provision in Section 78-A of the Cochin Act and availing itself of this provision the respondent-firm applied for the registration of the words "Navaratna Pharmaceutical Laboratories" in the Trade Marks Registry at Bombay. The application was advertised and no opposition having been entered, the trade mark was registered.

Pausing here, certain facts have to be set out in relation to the appellant, since they are material for understanding the origin of the proceedings which have given rise to these appeals. The appellant has, for some years past, been carrying on business in the preparation of Ayurvedic Pharmaceutical Products at Jullundur city in East Punjab under the name of the "Navaratna Kalpa Pharmacy" and had been vending the medicines prepared by him under the name "Navaratna Kalpa". While so, in October 1946, he applied for the registration of the words "Navaratna Kalpa" as a trade mark for his medicinal preparations. This application was advertised in April 1950, and the respondent firm opposed the application for registration on the ground that the word "Navaratna" was descriptive and, having no distinctiveness, could not be registered. This objection prevailed and the registration was refused. This led to the proceedings which have culminated in these appeals. In the first instance, the appellant moved the Registrar of Trade Marks for removing from the Register the trade mark "Navaratna" and the word "Navaratna" in the other mark of the respondent. By this date, however, the respondent had filed Writ No. 233 of 1951 (from which C.A. No. 522 of 1962 arises) before the District Judge, Anjikaimal, for a permanent injunction restraining the appellant from advertising, selling or offering for sale any preparations under a trade mark combining the word "Navaratna" or any similar word etc. By reason of the pendency of this proceeding in which the validity of the registration of the respondent's mark was directly involved the Registrar refused his application, and directed the appellant to move the High Court within whose jurisdiction the District Court

was situated for the rectification of the Register by deleting the respondent's mark. The appellant accordingly moved O.P. No. 19 of 1952 in the High Court of Travancore-Cochin praying that the registration of the word "Navaratna" by itself or as part of other marks as a trade mark for goods belonging to the respondent be removed from the Register. Civil Appeal No. 523 of 1962 arises out of the order of the High Court on this petition. This Original Petition No. 19 of 1952 was kept pending in the High Court after it was ready for hearing and was heard along with the appeal against the decree of the District Judge in Original Suit No. 233 of 1951. The original suit was, as stated earlier, for a perpetual injunction against the appellant for using the word "Navaratna" and the cause of action for that suit was stated to be that the plaintiff (respondent before us) being proprietor of the two registered trade marks "Navaratna" and "Navaratna Pharmaceutical Laboratories" had an exclusive right to the use of those marks for his medicinal preparations and that the said right was infringed by the defendant (appellant before us) advertising his goods under the name "Navaratna Kalpa" with the trade origin of the goods being described as "Navaratna Kalpa Pharmacy". There was also an allegation that by use of these marks the defendant was passing off his goods as those of the plaintiff.

By his written statement the defendant raised principally three points:

(1)(a) That the word "Navaratna" in its etymological sense meant Ayurvedic preparations of a particular composition and that the word had been generally adopted by several firms and organisations for designating their preparations which they vended with that description. It was therefore submitted that the plaintiff could claim no exclusive title to the use of that word which was a common word for the description of the product as a trade mark to designate its pharmaceutical preparations.

(1)(b) As regards the trade mark "Navaratna Pharmaceutical Laboratories" which was in fact the name in which the plaintiff carried on its business, the defence was that the crucial integer in that mark was the expression "Navaratna" and that if the plaintiff was not entitled to the exclusive use of the word "Navaratna" to designate its products, the combination of the word with the two other words "Pharmaceutical" and "Laboratories" which were ordinary English words descriptive of the place where medicines were prepared could not render the trade mark a registrable one. For these two reasons the defence was that no claim could be made to relief under Section 21 of the Trade Marks Act, 1940.

(2) Next it was submitted that even on the basis that the plaintiff was entitled to the use of the word "Navaratna" either alone or in the combination "Navaratna Pharmaceutical Laboratories", still the use of the trade mark by the defendant of the words "Navaratna

Kalpa" and "Navaratna Kalpa Pharmacy" were neither identical with nor deceptively similar to the plaintiff's marks and therefore he was not guilty of any infringement.

(3) As regards the claim for relief on the basis of passing off, the defendant laid stress upon the packing, get-up and the manner in which the trade origin of the goods was clearly brought out in the packages in which his preparations were marketed and it was submitted that they clearly negated any possibility of passing off.

[***** discussed the decision of the District Court and the High Court and continued.]

The first submission of Mr Agarwala, learned counsel for the appellant was that the judgment of the High Court holding the respondent's claim to the trade mark "Navaratna Pharmaceutical Laboratories" as a validly registered mark was really inconsistent with their finding that "Navaratna" which was the crucial and important word in that trade mark was a descriptive word in regard to which the respondent could obtain no exclusive right by any amount of user. His further submission was that if he was right in this, the addition of the words "Pharmaceutical" and "Laboratories" which were common English words of ordinary use to designate the place where pharmaceutical products are manufactured, were, on the terms of Section 6 of the Trade Marks Act and even otherwise, incapable of acquiring distinctness by mere user. He, therefore, submitted that the plaintiff had no exclusive right to the use of the mark as a registered trade mark and that consequently his claim for the relief of perpetual injunction under Section 21 of the Trade Marks Act was not sustainable. For this purpose learned counsel relied on the provisions of Section 6 of the Trade Marks Act, 1940 which provided the positive qualifications for registrability of trade mark on the relevant date. That section runs:

6. *Distinctiveness requisite for registration.*—(1) A trade mark shall not be registered unless it contains or consists of at least one of the following essential particulars, namely:—

- (a) the name of a company, individual, or firm, represented in a special or particular manner;
- (b) the signature of the applicant for registration or some predecessor in his business;
- (c) one or more invented words;
- (d) one or more words having no direct reference to the character or quality of the goods and not being, according to its ordinary signification, a geographical name or surname or the name of a sect, caste or tribe in India;
- (e) any other distinctive mark, provided that a name, signature, or any word, other than such as fall within the descriptions in the above clauses, shall not be registerable except upon evidence of its distinctiveness.

(2) For the purposes of this section, the expression 'distinctive' means adapted, in relation to the goods in respect of which a trade mark is proposed, to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists either generally or, where the trade mark is proposed to be registered subject to limitations, in relation to use within the extent of the registration.

(3) In determining whether a trade mark is adapted to distinguish as aforesaid, the tribunal may have regard to the extent to which—

(a) the trade mark is inherently so adapted to distinguish, and

(b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact so adapted to distinguish:

Provided that in the case of a trade mark which has been continuously used (either by the applicant for registration or by some predecessor in his business, and either in its original form or with additions or alterations not substantially affecting its identity) in relation to the same goods as those in relation to which registration is applied for, during a period from a date prior to the 25th day of February, 1937, to the date of application for registration, the Registrar shall not refuse registration by reason only of the fact that the trade mark is not adapted to distinguish as aforesaid, and may accept evidence of acquired distinctiveness as entitling the trade mark to registration.

The learned counsel particularly stressed clause (d) of sub-section (1) which excluded words "having direct reference to the character or quality of the goods" from being treated as distinctive, and thus qualifying for registrability. The word "Navaratna" having been held to be not distinctive and indeed incapable of becoming distinctive by reason of its being merely the Sanskrit word or describing Ayurvedic preparations of a particular composition, he submitted that the words "Pharmaceutical" and "Laboratories" could neither by themselves nor in combination with it confer upon that word the quality of distinctiveness having regard to their ordinary descriptive signification. If the matter had to be decided in terms of Section 6(1) alone without reference to the terms of the proviso to sub-section (3) to which we shall advert presently we see great force in the submission of the learned counsel.

As Fry LJ said in *Dunn, re*⁵², with reference to the corresponding law in UK which has been reproduced by Section 6 of the Indian Act:

It is said that the words 'Fruit-Salt' have never been used in collocation except by Mr Eno. Be it so ... I cannot help regarding the attempt on Mr Eno's part as an instance of that perpetual struggle which it seems to me is going on to enclose and to appropriate as private property certain little strips of the great open common of the English language. That is a kind of trespass against which I think the courts ought to set their faces.

There can be no dispute either that the words "pharmaceutical laboratories" used in relation to medicinal preparations have "a direct reference

52. (1886) 6 RPC 379, 386.

to the character of the goods". Speaking of the mark "Torq-set" in respect of screws bolts, rivets and studs and fastening devices, Lloyd-Jacob observed: "Direct reference corresponds in effect to aptness for normal description."⁵³

Judged by this test it could not be seriously contended that the prohibition in Section 6(1)(d) would be attracted to this mark. In the present case, the words "Pharmaceutical" and "Laboratories" would have a direct reference to the character of the goods since the trade marks to which it is claimed to attach them are medicinal or pharmaceutical products. In this connection reference was made to a decision of the House of Lords to which Counsel of Appellant drew the attention of the court—*Yorkshire Copper Works Limited's Application for a Trade Mark—Yorkshire Copper Works Ltd. v. Registrar of Trade Marks*⁵⁴. [**** referred to the observation in *Yorkshire*, decision of the District Judge and High Court and continued.]

This takes us to the consideration of the proper construction of the proviso. Closely examined, the arguments of the learned counsel on this matter boils down to this that the proviso really did not introduce any standard of distinctiveness different from that which had been provided by the terms of Section 6(1) as explained by sub-section (2) and the main part of sub-section (3); in other words, the submission was that in cases where the mark fell within the prohibition of clause (d) of sub-section (1), it could not qualify for registration on the basis of acquired distinctiveness by long user as an "old mark" i.e. from before 25-2-1937. In support of this submission the learned counsel relied on the view expressed by Mr S. Venkateswaran in his comments on Section 6(3) at pp. 152-154 of his Treatise on Trade Marks Act, 1940 which view he submitted had found judicial acceptance in a decision of the Calcutta High Court reported as *India Electric Works Ltd., re*.⁵⁵ [**** quoted and continued.]

The main part of the learned counsel's submission as regards the construction of the proviso was based on the comment in Mr S. Venkateswaran's treatise which learned counsel adopted as part of his argument. The primary requisite for attracting the proviso is that the trade mark must have been continuously used in relation to the same goods as those in relation to which registration is applied for from a period prior to 25-2-1937. It is true that in the present case the relevant mark as used before 25-2-1937 was "Navaratna Pharmacy" and the mark now on the Register, the validity of whose registration under the Trade Marks Act is in question, is "Navaratna Pharmaceutical Laboratories".

But it would be noticed that by the words within the brackets in the proviso marks either in their original form or with additions or alterations

53. *American Screw Co. Application, re*, 1959 RPC 344, 346

54. (1954) 1 WLR 554; (1954) 1 All ER 570; (1954) 71 RPC 150 (HL).

55. (1944) 49 CWN 425.

not substantially affecting its identity qualify for the special privileges accorded to old marks. It was not contended before the courts below or before us that the mark now in question did not satisfy this test when compared with that which the respondent was using prior to 25-2-1937. This being conceded, the only question for consideration is whether the last part of the proviso that the Registrar may accept evidence of acquired distinctiveness as entitling a mark for registration notwithstanding the fact that "the trade mark is not adapted to distinguish as aforesaid", could apply to cases where the trade mark has a direct reference to the character or quality of the goods or is otherwise not qualified for registration under clause (d) of sub-section (1). The entire argument on this part of the case is merely based on the use of the expressions "adapted to distinguish as aforesaid" and "distinctiveness" in the concluding portion of the proviso. It was not disputed that on the words of the proviso when the Registrar recorded a finding that the mark submitted for registration was "not adapted to distinguish as aforesaid", that is, that the mark did not fulfil the requirements of the tests suggested by the main part of sub-section (3), he was authorised to permit evidence being led as to "acquired distinctiveness" and to register the mark, if the evidence satisfied him on this point. It was, however, urged that the word "distinctiveness" in the expression "acquired distinctiveness" had to be understood in the sense in which it is defined in sub-section (2) where it is stated to mean practically "adapted to distinguish", the content and the significance of which is elaborated in sub-section (3). The submission was that at that stage, when accepting evidence of acquired distinctiveness one is again thrown back on sub-sections (2) and (3), with the result that unless the tests of distinctiveness and of "adaptation to distinguish" which are explained in sub-sections (2) and (3) are satisfied, no amount of evidence led before the Registrar of factual acquired distinctiveness would suffice to permit registration. In other words, the argument was that if a mark was one which was prohibited from being registered under Section 6(1)(d), that ban which is not lifted by proof of acquired distinctiveness in the case of new marks not falling within the proviso is not lifted either in the case of old marks which had been in use continuously as a trade mark from before 25-2-1937. It would be seen that if this argument were accepted, the proviso adds nothing to the section and makes no variation in the law as regards old marks which had been in use continuously from before the specified date. It would also make meaningless the words "shall not refuse registration" by reason only of the fact that the trade mark is not "adapted to distinguish" occurring in the proviso. It was said that this construction which would render the proviso otiose and a futility was necessitated by the opening words of sub-section (2), where the definition of the expression "distinctive" was said to be "for the purposes of this section and that the proviso to the sub-section being

part of the section, the words there had to be understood in the sense defined". We feel unable to accept this construction, nor do we read the opening words of sub-section (2) as necessarily leading to this result. Briefly stated, "distinctive" is defined in sub-section (2) as "adapted to distinguish" and the latter phrase explained in language which might exclude what is negatived by Section 6(1)(d). But that, however, does not solve the problem created by the words of the proviso "Shall not refuse registration by reason only of the fact that the trade mark is not adapted to distinguish as aforesaid". The use of the words "as aforesaid" takes one back first to sub-section (3) and then on to sub-section (2) and necessarily also to the provision in Section 6(1)(d) where marks which are incapable of acquiring distinctiveness are dealt with. Hence even on the terms of the proviso, however construed, it is not possible to escape the conclusion that a mark which is not "adapted to distinguish" by the application of the tests laid down in Section 6(1)(d) could still qualify for registration by proof of acquired distinctiveness. For the present purpose it is unnecessary to enter into an examination of the general nature of a proviso and of its function in statutes. It is sufficient to point out that it would not be a reasonable construction of any statute to say that a proviso which in terms purports to create an exception and seeks to confer certain special rights on a particular class of cases included in it should be held to be otiose and to have achieved nothing merely because of the word "distinctiveness" used in it which has been defined elsewhere. A construction which would lead to old marks and new marks being placed on the same footing and being subjected to the same tests for registrability cannot, in our opinion, be accepted. [***** discussed the arguments based on Section 20 and continued.]

As we have pointed out earlier, there are concurrent findings of fact on this point that through long user from 1926 onwards, the mark had become associated exclusively in the market with the pharmaceutical products manufactured by the respondent. The finding is not capable of being challenged before us and was not, in fact, attempted to be challenged. From this it would follow that the respondent's mark was rightly registered and that, he was entitled to protect an invasion of his right by seeking a perpetual injunction from persons who invaded those rights.

The next part of the learned counsel's argument related to the question whether the trade mark used by the appellant *viz.*, "Navaratna Pharmacy" "so nearly resembled the trade mark of the respondent as to be likely to deceive or cause confusion in the course of trade" within Section 21 of the Act. The mark is not identical and so the question is whether the appellant's mark is deceptively similar to the respondent's. On this matter also, there are concurrent findings of the courts below regarding the deceptive similarity of the two marks. That the words "Navaratna Pharmacy" and "Navaratna Pharmaceutical Laboratories"

are similar in the sense spoken of by Section 21 does not appear to us to be of much doubt. But the learned counsel's submissions were two-fold: (1) that the courts below had found that the word "Navaratna" was a word in common use in the trade in Ayurvedic preparations and the courts rightly held the respondent could not claim exclusive rights to the use of that word in the mark. In these circumstances, Mr Agarwala submitted that the courts below should have insisted on either the respondent disclaiming exclusive rights to the word "Navaratna" in the trade mark "Navaratna Pharmaceutical Laboratories" or that the disclaimer should have been ordered as a condition of the trade mark remaining on the Register under Section 3 of the Act. (2) The finding by the courts below that the marks were deceptively similar was directly contrary to and inconsistent with their finding that the packing, label, get-up etc., in which the appellant's goods were marketed was not likely to cause any confusion in the market or deceive any purchasers, wary or otherwise on the basis of which the claim for passing off was rejected. As regards the first contention regarding disclaimer and the reference to Section 13, the matter stands thus. Under the terms of Section 13 of the Act, an order directing disclaimer could have been passed only by the High Court when dealing with the appellant's application under Section 46(2) of the Act. The application that he filed contained no prayer to direct a disclaimer and no submission appears to have been made to the High Court when dealing with the petition or even with the appeal that the respondent should be directed to disclaim. In these circumstances, we do not consider it proper to permit the appellant to urge this argument before us.

[***** discussed the difference between infringement and passing off and continued.]

Lastly it was submitted that this was a case of honest concurrent user within Section 10(2) of the Act. This point was, however, not raised in any of the courts below and we do not propose to entertain it for the first time in this Court. The result is the appeals are dismissed with costs—one set of hearing fee.

Appeals dismissed.

POINTS FOR DISCUSSION

1. Differentiate between "adapted to distinguish" and "acquired distinctiveness".
2. Is there any change in the position with change in the law?

REFERENCES

1. Frank I. Schechter, "The Rational Basis of Trademark Protection" (1927) 40 Harv L Rev 813.

1]

2. Jacob Jacoby, "The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution" (2001) 91 TMR 1013.
3. Ruth Annand, "Developments in Registrability: The Definition of a Trade Mark and its Relationship with the Requirement for Distinctiveness" in Norma Dawson and Alison Firth (Eds.), *Trade Marks Retrospective*, Vol. 7 (Perspectives on Intellectual Property: Retrospective—British Trade Mark Law in the Twentieth Century, Sweet & Maxwell 2000) 111-35.

GENERAL POINTS FOR DISCUSSION IN THIS CHAPTER

1. Discuss the reason for requiring different standards of creativity for affording intellectual property protection for different categories of intellectual property.
2. Discuss the importance of maintaining a robust public domain in the area of intellectual property to facilitate access to intellectual property goods and also to promote creativity.
3. Discuss the role played by the standards used for prescribing the minimum creativity requirement for intellectual property protection, in denying private property protection for subject-matter already in the public domain.
4. Do you think that the Indian intellectual property laws have made use of the flexibilities available in the TRIPS Agreement in fixing the standards of creativity for an effective balancing of the right of owners and users of intellectual property?
5. Critically examine the definition, if at all any, given to intellectual property in the TRIPS Agreement.
6. Compare and contrast the concept of "originality" followed in copyright, with Section 2(g) of Designs Act, 2000 and Section 7(2) of the Semiconductor Integrated Circuits Layout-Design Act, 2000.
7. Compare and contrast the definition "new" in Section 2(l) of the Patents Act, 1970 with Section 15(3)(a) of the Protection of Plant Varieties and Farmers' Rights Act, 2001 and Section 4 of the Designs Act, 2000.
8. Discuss the difference between the meaning of "distinctiveness" in trade mark and the "distinctiveness" used in Section 15 of the Protection of Plant Varieties and Farmers' Rights Act, 2001.
9. Find out the reasons for treating trade mark and geographical indications as part of intellectual property.
10. Discuss the possible standards for treating traditional knowledge as part of intellectual property.

CHAPTER 2

Subject-matter of Intellectual Property Protection

INTRODUCTION

Intellectual property protection is available only to those items which are specifically identified and recognised by the law as the subject-matter of protection. Even though an item may muster the minimum requirements stipulated by the law like originality, novelty, inventive step, distinctiveness, etc., still it is possible to deny protection if it is expressly excluded from the subject-matter for protection. Similarly there could be new items emerging due to new technology which may not attract protection unless expressly or impliedly covered in the law. Inventions relating to computer software, biotechnology, pharmaceuticals, etc. are good examples. Till recently, they were not recognised as subject-matter of protection in India. Hence it is important to find out how the judiciary interpreted the provisions covering different varieties of subject-matter included in various laws.

WORKS PROTECTED UNDER COPYRIGHT LAW (INCLUDING PERFORMANCES)

The word "works" is defined under Section 2(y) of the Copyright Act, 1957 to mean literary, dramatic, musical or artistic works, cinematograph films and sound recordings. Section 13 of the Act lists out the works in which copyright subsist. Original literary, dramatic, musical and artistic works, cinematograph film and sound recording are the subject-matter of copyright protection. It is clear from various judgments that in order to become a literary work, no literary quality is required. Similarly an artistic work also does not require any minimum amount of artistic quality in order to claim copyright protection. The definition

of musical works expressly excludes the words or any action intended to be sung, spoken or performed with the music. A dramatic work is different from its literature in that it represents the visual effects of the literature. Definitions of these categories provide sufficient indicators to prevent overlap of the subject-matter. There is no separate provision in the Copyright Act requiring fixation of the work in any tangible form as a prerequisite for copyright protection. However, some of the definitions do give an impression of such requirement. The use of "which is fixed in writing or otherwise" in the definition of dramatic work, and the definitions of "cinematograph film" and "sound recording", where recording in any medium seems a prerequisite, are example to this.

Literary works

There is no definition for the word "literary" in our Copyright Act, though there is an inclusive definition for "literary work". The definition of literary work under Section 2(o) is an inclusive one to cover computer programs¹, tables and compilations including computer data bases. It is in this context that the meaning and scope of the word "literary" assumes importance. The following case addressed this question in the context of copyright protection for question paper set by examiners.

AGARWALA PUBLISHING HOUSE v. BOARD OF HIGH SCHOOL & INTERMEDIATE EDUCATION

AIR 1967 All 91: 1966 All LJ 550

JUSTICE W. BROOMS

This writ petition filed by a firm of publishers challenging an amendment of the Regulations of the Board of High School and Intermediate Examination, U.P., introduced by a Gazette notification dated 9-6-1959 issued under Section 15 of the Intermediate Education Act, declaring that copyright of the question paper set at examinations conducted by the Board, shall vest in the Board and forbidding the publication of such question papers without the Board's permission, which will be granted, only if the publisher pays a fee of ₹ 5 for each paper and undertakes not to include in his publication any solutions of the questions.

Mr S.C. Khare, who appears for the petitioner, has made the following submissions: The new regulation, introduced by means of the impugned notification, is beyond the scope of the regulation-making power of the Board under Section 15 of the Intermediate Education Act. No copyright

1. S. 2(ff) defines computer program.

can be claimed in question papers set for examinations because they are not "original literary, dramatic, musical or artistic works" and therefore do not come within the purview of Section 13 of the Indian Copyright Act, 1957. Even if there is any copyright in such a question paper, it belongs to the author (*i.e.* the person setting the paper) by virtue of Section 17 of the Indian Copyright Act, 1957, and does not belong to the Board.

[***** the Court discussed the first contentions and continued.]

The second contention of Mr Khare, *viz.* that no copyright can exist in examination papers because they are not "original literary works" is obviously untenable. The "literary works" referred to in Section 13 of the Indian Copyright Act, 1957, are not confined to works of literature in the commonly understood sense but must be taken to include all works expressed in writing, whether they have any literary merit or not. This is clear from the definition given in Section 2(o) of the Act, which states that "literary work includes tables and compilations". And the word "original" used in Section 13 shall not imply any originality of ideas but merely means that the work in question should not be copied from some other work, but should originate in the author, being the product of his labour and skill. In *University of London Press Ltd. v. University Tutorial Press Ltd.*², it was held that question papers set for examinations were literary works because they were work which is expressed in print or writing, irrespective of the question whether the quality or style is high; and it was further pointed out that the word "literary" seems to be used in a sense somewhat similar to the use of the word "literature" in political or electioneering literature and refers to "written or printed matter". In the same ruling, it was laid down that such question papers were to be counted as "original" works if they were not copied from other works but originated from the author and the preparation of such papers involved selection, judgment and experience. My attention has also been drawn to a recent decision of the Patna High Court, *Jagdish Prasad Gupta v. Parmeshwar Prasad Singh*³, in which the same view has been expressed. There can be no doubt, therefore, that examination papers come within the category of "original literary works" mentioned in Section 13 of the Indian Copyright Act, 1957, and that copyright can be claimed therein.

[***** the Court discussed the issue of assignment of work and concluded.]

This petition is accordingly allowed with costs and the new Regulation 6 introduced by the notification of 9-6-1959 is quashed. Petition allowed.

2. (1916) 2 Ch 601.

3. AIR 1966 Pat 33.

POINTS FOR DISCUSSION

1. Examine the meaning of "literary work" under the Copyright Act, 1957.
2. Read the following observation of Peterson J in *University of London Press Ltd. v. University Tutorial Press Ltd.*, (1916) 2 Ch 601, compare it with the observation in this case:

Although a literary work is not defined in the Act, Section 35 states what the phrase includes; the definition is not a completely comprehensive one, but the section is intended to show what, amongst other things, is included in the description 'literary work', and the words "'literary work' includes maps, charts, plans, tables and compilations". It may be difficult to define 'literary work' as used in this Act, but it seems to be plain that it is not confined to 'literary work' in the sense in which that phrase is applied, for instance, to Meredith's novels and the writings of Robert Louis Stevenson. In speaking of such writings as literary works, one thinks of the quality, the style, and the literary finish which they exhibit. Under the Act of 1842, which protected 'books', many things which had no pretensions to literary style acquired copyright; for example, a list of registered bills of sale, a list of foxhounds and hunting days, and trade catalogues; and I see no ground for coming to the conclusion that the present Act was intended to curtail the rights of authors. In my view, the words 'literary work' cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high. The word 'literary' seems to be used in a sense somewhat similar to the use of the word 'literature' in political or electioneering literature and refers to written or printed matter. Papers set by examiners are, in my opinion, 'literary work' within the meaning of the present Act.

3. Is it necessary under the Copyright Act of India that a "work" should be expressed in print or in writing for enabling it to claim copyright protection?
4. Examine the nature of fixation requirement for protection of works in India.

Artistic work

Section 2(c) of the Copyright Act, 1957 provides an elaborate definition for the term "artistic work". The definition is wide enough to include any work that reflects artistic craftsmanship. In some cases protection is granted even without any artistic quality. An interesting question came whether typefaces/fonts are artistic work and capable of registration as works under the Copyright Act. The Registrar of Copyright examined the issue and rejected the application for the registration of copyright of fonts in the following case.

ANANDA EXPANDED ITALICS (REQ), RE
(2002) 24 PTC 427

MR ZAKIR T. THOMAS, REGISTRAR

ABP Ltd. submitted four applications in the copyright office for registration of copyright under Section 45(1) of the Copyright Act, 1957 under the category of artistic works. The works submitted for registration are reproduction of a series of fonts comprising of alphabets in Bengali language and some other symbols.

[**** discussed the history of the case and continued.]

ABP Ltd. submitted an affidavit in support of the applications. The affidavit submitted by Savitri Parekh, Company Secretary, stated the following: ABP Ltd. is a leading publishing house in the country and in their efforts in improving the standards of print journalism in Bengali, they decided to develop new Bengali fonts and/or typefaces and employed one Debrani Gupta in or about May 1995. During the course of her engagement, she developed the following four fonts: (i) Ananda Expanded Italic; (ii) Ananda Expanded Bold; (iii) Ananda Expanded with x/xx Expanded and (iv) Ananda Expanded Bold Italics.

Each of these fonts comprised of letters and characters, comprising of all the Bengali vowels and consonants, conjoined characters and commonly used symbols. It was claimed that some conjuncts discovered during the process minimised the space covered by the individual letters and this enhanced the reading space and material and reduced the reading time for readers. Significant amount of labour and skill is claimed to have applied in developing these fonts referring that Bengali script is a complex script, and required substantial degree of character re-ordering. Uniformity in design was ensured to enhance reading pleasure.

These fonts were created with the aid of computer, using digital technology. The originality of these fonts is claimed on their unique and angular calligraphic strokes, diagonal strokes, and angular joineries with strong calligraphic stress, which could be produced through digital process to meet the demand of modern printing technology.

It was also affirmed that the company has been using the said font since April 1998 which presents Bengali text in a unique and original typeface having very strong aesthetic appeal. It is claimed that the aesthetic quality of Bengali print gets substantially enhanced upon use of the aforesaid fonts, which has been created upon application of substantial amount of labour and skill.

As per the affidavit, Ms Debrani Gupta developed these fonts during the course of her employment with the company and she relinquished her rights vis-à-vis the subject artistic works in favour of the company and upon complying with the requirement under Section 21 of the Copyright

Act, 1957. The company is claimed to be the owner of the subject artistic works. It was also stated that the four fonts/typefaces, being the subject-matter of the application are distinct and different from various other fonts/typefaces being used in Bengali prints. In order to establish that these fonts have high degree of aesthetic value, the deponent submitted letters from some eminent persons in the field of art opining that these fonts have aesthetic value.

Ms Debrani Gupta in her affidavit stated that while in employment of ABP Ltd. between May 1995 and May 1999, in discharge of her official duties she had developed four new typefaces/fonts in Bengali alphabets which could be used in newspapers/periodicals, named Ananda Expanded, Ananda Expanded Bold, Ananda Expanded Italic and Ananda Expanded Bold Italic. She had done her graduation project for Master of Design under a project named "Calligraphy Style Typefaces design: Language Bengali". She affirmed that the fonts she developed for ABP Ltd. are original and distinctive from the project work. She also affirmed that the typefaces/fonts were developed during the course of her employment with ABP Ltd. and all the rights, title and interest vis-à-vis the said fonts/typefaces vest in ABP Ltd. She affirmed that she had employed her special skill to ensure that these fonts/typefaces are computer-enabled so that they could meet the special requirement of modern day printing.

[**** discussed the issue of ownership of the work and continued.]

The applications filed by ABP Ltd. sought the registration under the category of artistic works of the four categories of works. In Para. 10 of the affidavit also it was claimed that applications were made to enter the said four fonts in the Register of Copyrights as artistic work. It is stated in Para. 14 that said fonts/typefaces are distinct and different from various other fonts/typefaces being in use in Bengali script. In Para. 16, it is further affirmed that applicants have made out a fit case for entering the aforesaid fonts/typefaces as artistic work in the Register of Copyrights.

During the course of the hearing, the attorneys submitted that what is sought for registration is the artistic design of the fonts which ABP Ltd. use for their publications. It was requested that a pragmatic view may be taken in the case so that artists are encouraged to develop such fonts/typefaces. It was submitted that the object of IP law is to encourage authors during the period of protection.

The issue here is hence whether fonts/typefaces can be registered as artistic work.

[**** discussed the arguments of applicants and continued.]

What is submitted for registration in each of the four applications is a print out of the design of the entire alphabets and not depiction of single alphabet as such. Even if we grant registration to the work applied for copyright, copyright may subsist only in this entire work and it does not

subsist on the single alphabet. This issue was examined in the British case cited by the applicants [*Stephenson, Blake & Co. v. Grant, Legros & Co. Ltd.*]⁴ (High Court of Justice—Chancery Division)]. The relevant portions are reproduced below:

... on the assumption, upon which also I propose to act, that the Design was a registrable one, they contend that the Design is an aggregation of letters, numerals, and signs, consisting, so far as the letters are concerned, of two complete alphabets of different types, but each arranged in strict alphabetical order, and, so far as the signs are concerned, of six symbols in a particular order; and they argue that no user of any, or indeed of all, of the seventy-six letters, figures and symbols which are incorporated in and together make up the Design, can be an infringement of the Design unless it amounts to a copy or a colourable imitation of the Design in its entirety. The plaintiffs, on the other hand, argue that the Design having been registered in respect of, or as a pattern for, a font of type, the reproduction of any and a fortiori of all the letters, figures, and symbols included in the Design, is an infringement of their rights as the registered proprietors, although the reproduced letters, figures, and symbols may never be, and, for the purposes of this hearing it is admitted, never have been, assembled in any combination approaching that in which they are assembled in the registered Design. In other words, the plaintiffs assert that the registration of these two alphabets, this series of numbers, and this string of symbols as one Design has put them in exactly the same position as they would have occupied, had they registered each letter, each numeral, and each symbol as a separate Design. The result of this would be that, not only would the Design as a whole be copyrighted, but every component letter, figure, and symbol would also be protected by the registration, and the printing, for example, of the word "Constantinople" in letters copied from letters to be found in the Design would be an infringement of the Design. I cannot adopt this view; no authority has been cited in support of it, and it appears to me to be contrary to the line of authorities of which *Sackett & Barnes v. Clozenberg*⁵, before Mr Justice Neville is the last in the Reports. In my opinion that which is protected is the Design of which a copy is annexed to the Certificate, and unless that which is complained of is an actual copy or a colourable imitation of what is there to be found in its entirety, I do not think that an action for infringement of the Design can be maintained.

It follows from the above decision that even if copyright is granted to the work produced along with the application, which arguably consists of artistic arrangement of depiction of series of letters on the alphabets, what the applicants can claim is copyright in the arrangement of such entire work and not on the single alphabets.

Upon pointing out that copy as per the application, copyright may be for the entire work and not the single alphabets, the applicants clarified that what they are seeking for copyright registration is the right as

4. (1916) 33 RPC 406.

5. (1910) 27 RPC 104.

individual letters as designed by them and if need be, they will file separate applications for the same. Hence, it need be decided if copyrights subsist on individual typefaces.

The issue here is this whether fonts designed by the applicants' employee during the course of her employment do enjoy copyright.

[**** referred to Sections 13, 16 and definition of artistic work and continued.]

The applicants pleaded that their work is covered under "any other work of artistic craftsmanship". They relied upon the English case cited above and the opinion, filed by them, of experts in the field stating that the work has artistic craftsmanship.

However, though the application is for registration of a work under the category of artistic works, in the affidavit and during pleadings it was clarified that what is sought for copyright is the fonts and typefaces developed by them. Fonts or typefaces are not classified as works in which copyright subsists. The applicants pleaded that as per the English Law cited above these were given copyright registration even when the British copyright law had not reorganised typefaces as a category of works and that is a common law practice. *Vide* provisions of Section 16 it is clear that there is no copyright other than that specifically provided in the Act. Thus, there is no common law copyright. A work has to be clearly within the definition of works protected in the Act to attract copyright.

Designing typefaces involve creativity and it could be argued that this involves artistic craftsmanship. This presupposes the work of mind of an artist to develop and design the typefaces to constitute the artistic work if original can claim copyright protection. This involves designing the typefaces whether through the commands of software or by manipulating the instrument used for typing. The case cited by the applicants supports this position as it treats typefaces as design and protection was afforded normally under the Designs Act as can be seen from that case.

The copyright law of England in its amended version (1988) included an express provision to protect typefaces.

[**** extracted the definition and continued.]
It may be noted that despite having a specific category of "a work of artistic craftsmanship", the typographical arrangements are expressly protected. This specific provision was introduced in 1988 to protect typographical arrangements.

This amendment was necessary as otherwise typefaces were registered as designs and this required registration of each letter to claim protection. Hence, 1988 Copyright Law introduced an express provision to protect typefaces with the following exceptions. It is true that typefaces are protected in British law as artistic works but only when the legislature intervened to provide specific exception and term of protection, which

was done in 1988. Section 54 of the 1988 English Copyright, Designs and Patents Act is reproduced below:

54. *Use of typefaces in ordinary course of printing.*—(1) It is not an infringement of copyright in an artistic work consisting of a design of a typeface

(a) to use the typeface in the ordinary course of typing, composing text, typesetting or printing,

(b) to possess an article for the purpose of such use, or

(c) to do anything in relation to material produced by such use;

and this is so notwithstanding that an article is used which is an infringing copy of the work.

The term of protection of typefaces is different from that of artistic works and are limited to 25 years in British law. Thus we see a specific legislative intervention to extend protection in copyright to typefaces with attendant exceptions.

A general word which follows a particular word of a similar nature (as in "and other similar words" takes its meaning from them and shall be construed as applying only to things of same general class as those enumerated in *Manual on Interpretation of Statutes* (12th Edition, Tripathi, Bombay 1969) at pp. 297-306. Using this interpretation to define "artistic works", the meaning of any other work of artistic craftsmanship gets restricted by the specific definitions given in 2(c)(i) and 2(c)(ii); as the word "artistic work" is preceded by the word "other" it certainly indicates that it is intended to refer to something other than the ones mentioned in 2(c)(i) and 2(c)(ii) but of the same generis. For example, though "fresco" is not specifically mentioned, it will fall into the category of painting. A typeface design does not get integrated into the concept of artistic work due to restrictions of *ejusdem generis* and English Law had to intervene and define it separately.

This construction is supported by international conventions too. The basic international convention in the field of copyright is Berne Convention. As technology expanded and newer forms of creations demanded protection, new conventions like "Rome Convention, 1961" were entered into. A new concept of "neighbouring rights" was introduced into the copyright system. The basic principles in these two international conventions got integrated into the copyright part of "Agreement on Trade Related Aspects of Intellectual Property" (TRIPS). In none of these international conventions on copyright, is there an express mention about protection of typefaces or regarding protection of fonts. On the contrary, there exists a separate international agreement on protection of typefaces. It is called the "Vienna Agreement on the Protection of Typefaces" (1973). Had it been the international communities' opinion that typeface is a copyright issue; protection of typefaces would have been brought into one of the copyright conventions.

It would be illuminating to examine what Berne Convention provides for such works. Berne Convention is the basic copyright convention and India has acceded to this Convention which means our Act is in conformity with the provisions of the Convention. Article 2, para. 7 of Berne Convention deals with works of applied art which is reproduced below:

Subject to the provisions of Article 7(4) of this Convention, it shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the countries of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that another country of the Union to designs and models; however, if no such special protection is granted in that country; such works shall be protected as artistic works.

The Convention makes it clear that it shall be a matter of legislation in the countries of the Union to determine the extent of application of their laws to the work of applied art. This implies the necessity of a clear legislative intervention with reference to works of applied art and also shows that "any other artistic work" is not an omnibus term concerning all the artistic works. This calls for a legislative intervention and it is a matter of legislation in the member countries. UK chose to amend its Act to provide for typefaces. However, Indian Copyright Act does not contain any similar provisions and does not protect typefaces.

Further Article 7, para. 4 deals with the "terms of protection for Photographs and Works of Applied Art". It shall be a matter of legislation in the country of the Union to determine the term of protection of photographic works and that of works of applied art insofar as they are protected as artistic works; however, this term shall be at least until the end of a period of twenty-five years from the making of such a work.

It may be noted that the Indian Copyright Act provides a specific provision for the term of photographs which is 60 years following Berne Convention (the Convention provides only a minimum term). Here it may be noted that the term of protection is provided in the Convention insofar as concerning works protected as artistic works. It clearly follows that there are artistic works which are beyond protection of copyright as artistic work. If any country desires to protect works of applied art, it will have to provide a term of protection also. Fonts/typefaces are clearly works of applied art. Hence, if they are protected, the term of protection will also have to be provided in the Act. The UK copyright law provides a term of protection of 25 years for typefaces which is the term of protection for applied art as per the Berne Convention. That India has not given a term of protection for typefaces/fonts while giving specific provisions for photographic works shows that it is not a legislative intention in India to protect typefaces as artistic works.

In fact, in demanding copyright protection for typefaces, ABP is not alone and there have been requests at international level to extend copyright protection to typefaces.

[***** quoted from Cornish and continued.]

Thus, while we see that principle of *ejusdem generis* limits the meaning of "any other work of artistic craftsmanship", the international copyright conventions have not considered protection of typeface as an artistic work. Even in England where such provision is made, there are specific provisions relating to typefaces. In the absence of such specific provision in the Indian law, following the principle of *ejusdem generis* it is concluded that typefaces are not included in the genre of artistic work as defined in Section 2(c), especially in view of Section 16 of the Indian Copyright Act.

This makes it clear that traditional copyright law was not extended to typefaces and legislature intervened to provide protection with express provisions. While providing such specific rights, legislature also provides specific exceptions as shown above. Without these exceptions, the balance of authors' rights and public interest, which copyright system maintains will be affected. For example, if typeface design is registered as artistic work it will enjoy the same rights and period of protection as artistic works. The British law shows legislature keeps this balance in mind when rights are granted. Unless such specific provisions exist, a work does not get protection under copyright. This is clear from Section 16 of our Act also.

Hence the request of the applicant to register the typefaces as artistic work cannot be acceded to, as the typeface design does not constitute a work, which is entitled to copyright protection under the Indian Copyright Act, 1957.

Even if it is to be concluded for arguments sake, though the position is as explained above, that typeface is an artistic work capable of being registered for copyright, it may be noted that the design of typeface is capable of being registered as a design under the Designs Act, 1911. As per Section 2(5) of the Designs Act, a design (refer para. 30 also) includes "pattern" and typefaces are treated as a pattern. The English case of *Stephenson, Blake & Co. v. Grant, Legros & Co. Ltd.*⁶ submitted by the applicants itself supports this contention that typeface is capable of being registered as a design. In that case, the basic fact was that the plaintiffs were the registered proprietors of Design No. 427900 for the font of printing type known as "Windsor" registered on 2-3-1904, under Section 53(2) and (3) of the Patents and Designs Act, 1907.

As per Section 15(2) of the Indian Copyright Act, copyright shall not subsist in any design which is capable of being registered under the

6. (1916) 33 RPC 406.

Designs Act, 1949 but which has not been so registered as soon as any article to which the design has been applied, has been reproduced more than fifty times by an industrial process by the owner of the copyright or, with his licence by any other person. ABP Ltd. has been using the typefaces since 1998 and hence more than 50 reproductions have already been done. Hence even if it is held that the works are copyrightable since it is capable of being registered as a design, the copyright in the said fonts are already over and no copyright registration can be done at this stage. Application rejected.

POINTS FOR DISCUSSION

1. Identify the reasons given by the Registrar for not recognising typefaces as artistic work for copyright protection.
2. Find out the distinction between artistic work and industrial drawing.
3. Find out the reasons for providing limited protection for typefaces in international law and the English Law.
4. Discuss the difference between "typefaces" and "the typographical arrangement of published editions" protected under the copyright law of England. Are they one and the same?
5. Discuss whether typefaces are only expressions or also functional in nature.
6. What will be the impact of granting copyright protection to typefaces in view of the surfacing of a large number of small scale publishing houses as a result of the advent of electronic publishing?

READ

Microfibres Inc. v. Girdhar & Co., (2006) 128 DLT 238; (2006) 32 PTC 157.

Dramatic work

Section 2(b) of the Copyright Act defines "dramatic work" to include any piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting form of which is fixed in writing or otherwise but does not include a cinematograph film. It is interesting to note that the definition insists for fixation of the work "in writing or otherwise", a requirement not insisted in case of other works. The exclusion of cinematograph film from the definition is also important. In the context of determining the rights of an actor in a cinematograph film, the Court in the following case analysed the meaning of the words "artistic work", "dramatic work" and "cinematograph film".

FORTUNE FILMS INTERNATIONAL v. DEV ANAND

AIR 1979 Bom 17; (1974) 80 Bom LR 263

(CHIEF JUSTICE KANUNWALA AND JUSTICE DESAI)

JUSTICE DESAI

[***** facts of the case are discussed in detail in the Chapter on Rights of Owners of IP in the portion dealing with performers' rights. Only those portions where the Court attempts to define "dramatic work" are reproduced here.]

If, in our opinion, by the agreement it was agreed between the producers and the cine artiste that the copyright in the cine artist's work in the motion picture is to vest in the cine artiste till full payment of the agreed amount is made to him, on which it would automatically vest in the producers, it becomes necessary to examine the contentions advanced at the Bar on behalf of the appellants (producers) that such a copyright was not recognised or protected by the (Indian) Copyright Act, 1957. It was submitted that the Copyright Act, properly read, would seem to protect only "work" as therein defined and if the works indicated in the definition of "work" to be found in Section 2(y) of the Copyright Act, is properly considered, only "work" which is tangible in nature was protected. It was submitted that there could be a copyright in a motion picture or a cinematograph film as also in the story, scenario or music (if written on sheets or if put on a sound track or a tape, but not otherwise), which were all tangible, but not in the performance of an artiste although it was part of component element of a film. On the other hand, on behalf of the cine artiste it was contended that the performance of an actor was covered by the definition of "artistic work" or "dramatic work" to be found in Sections 2(c) and 2(b) of the Copyright Act, 1957. Alternatively the argument which was advanced was that a cinematograph film would include portions of the film or components of the film and an artist's work in the film must be regarded as a component or a part of the film which would be entitled to protection as falling within the definition of "work". It becomes necessary, therefore, to examine the relevant provisions of the Copyright Act, 1957, to which our attention was drawn at the Bar, in order to consider which of the rival submissions are to be accepted.

Section 2 is the interpretation section and we are concerned with the words "artistic work", "author", "cinematograph film", "dramatic work", "performance" and "work" to be found in sub-sections (c), (d), (f), (h), (g) and (y) respectively of Section 2. They may be fully set out.

[***** the Court reproduced the legal provisions defining "artistic work", "dramatic work", "cinematograph film" and "performance" and Sections 13(4), 17(b), 18 and 19 and continued.]

It now becomes necessary to consider in the light of these provisions whether the performance of a cine artiste in a film would be a "work" protected by the Copyright Act, 1957, and, if it were so protected, what would the rights of the cine artiste be, in the case under consideration?

We will have, in this connection, to consider the submission made on behalf of the cine artiste that such performance would be covered either by the definition of "artistic work" or "dramatic work" or "cinematograph film" to be found respectively in sub-sections (c), (b) and (f) of Section 2 of the Copyright Act, 1957. If it is so covered, such performance would fall within the meaning of the word "work" to be found in sub-section (y) of Section 2.

It, therefore, becomes necessary to examine these definitions one by one to consider whether such submission can be accepted. "Artistic work" has been defined as meaning a painting, a sculpture, a drawing, an engraving or a photograph, and it would be clear and obvious that the performance given by an artiste in a cinematograph film cannot be equated with any of the five categories indicated; as it is a comprehensive definition, unless expressly covered, sub-section (c) would not be of any help to the cine artiste.

The definition of "dramatic work" to be found in Section 2(b), however, is an inclusive definition including any piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting form of which is fixed in writing or otherwise. The definition, however, expressly excludes a cinematograph film by the closing words of sub-section (b) of Section 2.

It was submitted that the performance of the cine artiste is acting, the form of which is fixed in the film and, therefore, would be within the definition of "dramatic work". Alternatively in connection with this definition itself it was submitted that since it was an inclusive definition, even if an actor's performance fixed in the film negative was not expressly covered by the portion of the definition commencing with the words "or piece ..." and ending with the words "or otherwise", it must be regarded as a dramatic work by the very nature of things. In connection with the closing words of the sub-section which excluded a cinematograph film from the definition of "work", it was submitted that either a cinematograph film must be construed as a total film and therefore, only the film which is the final product of various dramatic works would be excluded, so that the performance of the actor would still remain within the definition of "dramatic work"; alternatively, it was urged that if the dramatic work of an actor being part of a cinematograph film were to be excluded by the specific words of sub-section (b) of Section 2, then it must be held covered by the definition of a "cinematograph film" as defined by sub-section (f) of Section 2 which is also an inclusive and not a comprehensive definition.

[***** the Court also referred to the definition of the dramatic work in the English Copyright Act and continued.]

It is apparent that the definition in the Indian Copyright Act is substantially the first part of the definition of "dramatic work" under the English Copyright Act, 1911, excluding the latter portion in the definition under the English Act concerning cinematograph production.

On a plain reading of the definition of "dramatic work" it is not possible to accept the submission of learned counsel for the cine artiste that the motion picture could be regarded as a piece for recitation or a choreographic work or entertainment in dumb show. Under the definition to be found in sub-section (b) of the Copyright Act, 1957, only for a dramatic work of any of these three types specified *i.e.* (i) piece for recitation, (ii) choreographic work, or (iii) entertainment in a dumb show would be included, and then further only where the scenic arrangement or acting form of which (in the three types) is fixed in writing or otherwise. When this requirement is satisfied then the work under consideration will amount to a "dramatic work" which will be protected by the provision contained in the Copyright Act. It is true that the words "or otherwise" are to be found in the definition of "dramatic work". But in our opinion these words are there, it seems, only to provide for the modern means of recording such as a tape-recorder or a dictaphone and similar instruments. Again, it must be observed that the concluding portion of the definition of "dramatic work" in the sub-section, which excludes a cinematograph film, would seem to clearly shut out any contention that the dramatic performance of cine artiste which is fixed or recorded in the film negative will be "dramatic work" within the meaning of this definition and therefore protected by the Copyright Act. It is true that the definition is an inclusive definition; but it would not be permissible to extend it to cover all cases where the work can be popularly described as exertions or efforts of a dramatic nature. In this connection it may be clarified that we are not concerned with the work on a stage or performance in a drama (which may be of several types), which may or may not be covered by the definition of "dramatic work". Again, the words "fixed in writing or otherwise" would seem to suggest a point of time prior to the acting or scenic arrangement, which requirement would be required to be satisfied before the work can qualify to be a "dramatic work" and secure protection. It is debatable whether the record of the acting or scenic arrangement made on a film after the scene is arranged or acting done or contemporaneous therewith, would be covered by the definition.

[***** the Court then continued with the discussion whether the performance of the cine artiste would fall within the definition of "cinematograph film" to be found in sub-section (f) of Section 2.]

POINTS FOR DISCUSSION

1. Do you agree with the interpretation of "dramatic work" by the Court?
2. Is the interpretation given to "otherwise" coming within "fixed in writing or otherwise", limiting it to recording by means of modern means such as tape recorder or a dictaphone, correct?
3. Why was the contention, that the performance of a cine artiste is acting, the form of which is fixed in the film is well within the definition of "dramatic work", not accepted?
4. Do you agree with the view that since the concluding portion of the definition of "dramatic work" excludes cinematograph films, it clearly shuts out any contention that the dramatic performance of the cine artiste, which is fixed or recorded in the film negative will be "dramatic work" and therefore protected by the Copyright Act?
5. What do you think about the interpretation given to "fixed in writing or otherwise" as suggesting fixation at a point of time prior to the acting or scenic arrangement?
6. Find out the distinction between acting form in writing or otherwise fixed before the dramatic work is performed in public (e.g. stage drama) and performance of acting form recorded in film.
7. Distinguish between the definition of dramatic work and cinematograph film. Try to understand how the author of dramatic work can enjoy his right to incorporate this dramatic work in a cinematograph film.

Musical work

The word "music" is not defined in the Copyright Act though there is an inclusive definition for musical work. According to the amended (1994) definition in Section 2(p), "musical work" means a work consisting of music and includes any graphical notation of such work but does not include any words or any action intended to be sung, spoken or performed with the music. The earlier definition insisted for the requirement of fixation and also linked to "melody and harmony". This is based on the English Law and seems to be influenced by the way in which western music is understood. There was serious doubt as to the possibility of protecting Indian music which is admittedly different. The new definition is included to cover all forms of music irrespective of it being fixed. The Court in the following case examined the meaning of music and also the fixation requirement under the old definition.

GRAMOPHONE CO. OF INDIA LTD. v.
SUPER CASSETTE INDUSTRIES LTD.

(1995) 1 Arb LR 555: (1996) 16 PTC 252: 1995 PTR 64 (Del)

JUSTICE JASPAL SINGH

The dispute mainly revolves around clause (j) of sub-section (1) of Section 52 and clauses (a)(i) and (c)(ii) of sub-section (i) of Section 14 of the Copyright Act (hereinafter called the Act). However, first the facts.

The Gramophone Company of India Ltd. which is the plaintiff before me had produced audio records titled "Hum Aapke Hain Kaun" under rights alleged to have been assigned to it by Rajshree Productions Pvt. Ltd. who happen to be the copyright owners of the cinematograph work. The plaintiff claims that it has already sold 55 lakh audio cassettes and 40,000 compact discs titled "Hum Aapke Hain Kaun" when used on a record has come to be associated with the plaintiff alone. Its grievance is that the defendants too have launched an audio cassette by adopting "Hum Aapke Hain Kaun" as its title with its design, colour scheme, get-up and layout deceptively and confusingly similar to that of the plaintiff and have even used a photograph of Salman Khan and Madhuri Dixit on the inlay cards. Both of them, it may be noticed, have acted in the film Hum Aapke Hain Kaun. Hence the suit of the plaintiff for permanent injunction restraining the defendants from manufacturing, selling, or passing of audio cassettes under the said title or from using a carton or inlay card identical or deceptively or confusingly similar in design, colour scheme, layout and get-up, to the packaging used by the plaintiff. Along with the suit, the plaintiff company also moved an application under Order 39 Rules 1 and 2 for grant of ad-interim injunction.

Before I proceed to notice the defence set up by the defendants it may be mentioned that Hon'ble Mr Justice Devinder Gupta while sitting as Vacation Judge had passed an ex parte ad-interim order of injunction against the defendants restraining them from manufacturing, selling, offering for sale, audio cassettes under the title "Hum Aapke Hain Kaun". In response to the ad-interim injunction order defendants have moved an application under Order 39 Rule 4 for vacation of the said order. Since it was submitted that the said application be treated as reply to plaintiff's application under Order 39 Rules 1 and 2 also, the defence version has consequently been pulled out from it.

[***** the Court discussed the scope of Section 52(1)(j) in detail. While answering the question if the defendants' recording is protected under Section 52(1)(j) of the Copyright Act, the Court attempts to interpret the definition given to "musical work" under the Act.]

And, what is a "musical work"? Clause (p) of Section 2 of the Act defines it as under:

'Musical work' means any combination of melody and harmony or either of them, printed, reduced to writing or otherwise graphically produced or reproduced.

[***** the Court again discussed the arguments of the parties on the definition of record and its application for Section 52(1)(j) and continued.]

There is yet another difficulty. "Musical work" is not merely a combination of melody and harmony or either of them. It must necessarily also have been "printed, reduced to writing or otherwise graphically produced or reproduced". As we know figurations, progressions and rhythmic patterns are sometimes used in creation of melodies. Every musical composition has a structure or shape, that is the arrangement of individual elements so as to constitute a whole and that musical notation means a visual record of musical sound (heard or imagined) or a set of visual instructions for performance of music. Its main elements are pitch (location of musical sound on the scale), duration, timbre, and volume. There are various systems of notation like verbal, alphabetical, numerical, graphic and tablatures. The words "printed, reduced to writing or otherwise graphically produced or reproduced" are thus not an empty formality. What is surprising is that the defendants have nowhere claimed that the combination of melody and harmony, which one finds in the records, made by the plaintiff as well as the defendants, had ever been printed, reduced to writing or otherwise graphically produced or reproduced. What is more surprising is that the plaintiff, too, nowhere pleads the record made by it as being a combination of such melody and harmony or either of them which had been printed, reduced to writing or graphically produced or reproduced. The result is that the record made by the plaintiff cannot be claimed to be a "musical work" both by the plaintiff as well as the defendant. Probably this was an added reason for Mr Jetley to look towards Section 14 of the Act.

[***** the Court continued with the discussion on Section 52(1)(j) and concluded.]

Keeping that approach in mind let me examine the claim of the plaintiff to stop the defendants from using the words "Hum Aapke Hain Kaun" in any context in the title of the defendants' records and rather to injunct them from making the records at all. Whether or not the plaintiff could get such a relief at the trial of the action is perhaps of little relevance today but I do feel that it indeed would be a strong measure at this stage to grant the plaintiff full measure of relief. I decline to do so. But then, there is enough in the plaintiff's case to make it right to grant some interlocutory relief which, at the same time, should not hamper the defendants, though it may put them to little expense. I propose to vary the injunction that was made ex parte by saying that the defendants are not to use in the carton or inlay card or any other packaging material a

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design, colour scheme, layout and get-up similar to that of the plaintiff's; not in the title to use the words "Hum Aapke Hain Kaun" *simpliciter* or any combination of words including "Hum Aapke Hain Kaun" which would be calculated to lead to the belief that the defendants' record was the plaintiff's record. The unoffending alternate title must also contain underneath it a declaration in sufficiently bold letters that the record is not from the original sound track but only a version record with voices of different artists. The word "not" should be underlined. I think that is essential.

This then is the order I make.

POINTS FOR DISCUSSION

1. Do you think that the Court is right in its interpretation of "musical works"?
2. Discuss the law of fixation of musical work in England.
3. Discuss what constitutes fixation of musical work. Is recording not fixation of musical work?
4. If the work is not protected under copyright law why did the Court take the trouble of granting remedies?
5. Discuss the changes introduced in the definition of musical work in 1994 in the light of this discussion.

Computer program

As a very recent technology, protection of computer program posed challenges to the realm of intellectual property law. The initial query was as to which field of intellectual property is best suited to the protection of computer program. Two major fields of intellectual property law, which could extend some form of protection to the computer programs, are copyright law and patent law. Copyright law does not protect ideas, but protects only expression of ideas. This feature of the copyright law acts as a severe limitation with respect to the protection of computer program since in the case of a computer program which performs a particular function and achieves a specific task, others will be permitted to create their own program to perform the same function as long as they do not copy the form (literal elements) of the earlier one.⁷ However, most of the countries consider copyright as the most appropriate form among the two, because they feel that copyright secured the best compromise between protection and competition.⁸ Computer programs are thus globally protected under the copyright law as literary works since this is the international mandatory norm set in the TRIPS Agreement.

7. David Bainbridge, *Software Copyright Law* (4th Edn.) 14.

8. *Ibid.*

Initially, there was confusion as to the copyrightability of computer programs since it was argued that at least when the program reaches the electronic form, it becomes a means of operating the machine and is no longer a subject-matter of copyright protection. In *Apple Computer Inc. v. Franklin Computer Corpn.*⁹ it was held that a computer program, whether in object code or source code, is a "literary work" and is protected from unauthorised copying, whether from its object or source code version. In *Lotus Development Corpn. v. Paperback Software International*¹⁰ the issue of copyrightability of non-literal elements in computer programs was considered in detail. The Court expressed the view that when computer programs include elements—both literal and non-literal—that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article, they are potentially copyrightable.

Another major problem which needed to be resolved with respect to copyrightability of computer programs was regarding the separation of ideas from expression. This was somewhat effectively done in *Computer Associates International Inc. v. Altai Inc.*¹¹ The Court in that case used the abstraction, filtration and comparison test for separating ideas from expressions.

Though the Indian Copyright Act, 1957 started protection of computer programs as early as 1984, unfortunately there are no reported cases in India on the above issues.

EXERCISE

1. Read the definition of computer program in the Indian Copyright Act and find out whether the problems expressed above are resolved.
2. Read *Computer Associates International Inc. v. Altai Inc.*, 982 F 2d 693 (3rd Cir 1992) and discuss its applicability in India in the light of the ratio in *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.
3. Critically examine the following statement in Dennis S. Karjala, "A Coherent Theory for the Copyright Protection of Computer Software and Recent Judicial Interpretations" (1997) 66 U Cin L Rev 53:
 9. 25 L Ed 841; 101 US 99 (1879); *Apple Computer Inc. v. Franklin Computer Corpn.*, 714 F 2d 1240; 239 USPQ 113 (2nd Cir 1983).
 10. 740 F Supp 37; 15 USPQ 2d 1577.
 11. 982 F 2d 693 (3rd Cir 1992). Though earlier in *Whelan Associates Inc. v. Jaslow Dental Laboratory Inc.*, 797 F2d 1222 (3rd Cir 1986) it was stated that "the purpose or function of a utilitarian work would be the work's idea, and everything that is not necessary to that purpose or function would be part of the expression of the idea", this was soon identified as not sufficient to separate ideas from expressions.

Resolution of practically every important problem of software protection will vary depending on how one answers this fundamental question: why did we place computer programs—technologically functional works—under copyright instead of relying on the traditional mode of intellectual property protection for technology, namely, patent law?

My answer to this question starts from the observation that protection of the fruits of intellectual creativity is the object of both patent and copyright law; therefore, that many aspects of computer programs are highly creative cannot serve as a basis for placing programs under copyright instead of patent law. I believe, rather, that computer programs were brought under the copyright umbrella because they were thought to be vulnerable to misappropriation through cheap, fast and accurate electronic copying; because even costly-to-make programs were vulnerable but often would not qualify for patent protection; and because copyright was a convenient at-hand tool for achieving the desired result.

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PATENTABLE INVENTIONS

Apart from the minimum requirements for being patentable, there are some more limitations on inventions with respect to their patentability. As per the Patents Act, 1970 as amended by the 2002 Amendment Act, the subject-matter of a patent must be a process or a product.¹² However,

12. S. 2(1)(j), definition of "invention".

certain inventions are considered to be not patentable.¹³ Thus a mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or non-living substances occurring in nature are not considered to be inventions. There are also some other inventions which are excluded from patentability. Some are considered to be not inventions, mainly for the sake of protecting public interest. Patentability of inventions resulting from new technological advancements like computer programs and inventions arising out of biotechnological and pharmaceutical researches were subject-matter of serious debates due to the nature of technology and the complications involved in those types of inventions.

Till 2002 patentability of life forms was not discussed in the Indian Patents Act, though a method of agriculture or horticulture, any process for the medicinal, surgical, curative, prophylactic or other treatment of human beings or any process for a similar treatment of animals or plants to render them free of disease or to increase their economic value etc. were considered to be non-patentable. Another provision which had at least some relevance in this area was Section 5 which expressly excluded product patents to inventions claiming substances intended for use as food, medicine or drug or substances prepared by chemical processes.¹⁴ Under the TRIPS obligations, more changes were brought in to the Indian Patents Act. For example, to satisfy the TRIPS obligations in 2002 the Indian Patents Act was amended so as to include micro-organisms among patentable inventions.¹⁵ However, plants and animals in whole or in parts, seeds, varieties and species and essentially biological processes for the production or propagation of plants and animals are not patentable. It is interesting to note that this definition brings non-biological and micro-biological processes for the production or propagation of plants and animals within the purview of patentability.

Pharmaceutical invention

One of the areas that attracted maximum public attention and debate after India joined the World Trade Organisation (WTO) and started implementing the TRIPS obligations, is patenting of inventions relating

13. Chap. 2, Patents Act, 1970. The Chapter heading is confusing in that though it reads "inventions not patentable", S. 3 reads thus: "What are not inventions". A close reading of S. 3 reveals the fact that it is a mixture of inventions not patentable and definition as to what are not inventions.
14. This section is repealed by the Patents (Amendment) Act, 2005 (w.e.f. 1-1-2005).
15. However, it is doubtful whether microorganisms were not patentable subject-matter before 2002 in India. Since now microorganisms are unequivocally made a patentable subject-matter the issue is having only academic importance.

to pharmaceutical products. The replacing of process patent regime by product patent in the field of pharmaceutical products, it was feared, posed serious challenge to indigenous industry which flourished under the process patent regime.¹⁶ It is an accepted fact that India has a strong industrial infrastructure to manufacture generic variety of new drugs within a short period of time at affordable cost. It is worrying that these industries may lose the advantage they enjoyed and the cost of the medicines may go up.¹⁷ There was also an argument that since the Indian Research & Design (R&D) on invention of new drugs is very weak, the benefit of the new system is going to be enjoyed by the multinational corporations from outside India.¹⁸

Another concern was relating to the mailbox applications pending in India. By 2005 more than 4790 applications for pharmaceuticals have accumulated in the mail box.¹⁹ Therefore, there was concern as to what would happen to the generic drugs which are already in markets, when product patent is granted to the mailbox application. There are many litigations pending before the courts on these patents.²⁰

The public interest involved in providing access to medicine, particularly life saving drugs, to large number of people in India who could not afford costly medicines, prevailed in formulating the patenting policy on pharmaceutical substance. To achieve this, the Patents Act was amended in 2005, carefully defining invention, inventive step, pharmaceutical substance, excluding new use of existing inventions, etc. But soon after the amendment, the validity of some of the provisions was questioned and the following case is illustrative of this.

16. Read Sudip Chaudhuri, *The WTO and India's Pharmaceutical Industry* (OUP 2005). He says that currently the MNCs do not dominate the pharmaceutical industry in India and that Japan and India are the only two countries where Western MNCs do not dominate. See, pp. 17-18. Indian pharmaceutical companies also started exporting to the regulated markets in developed countries. India's largest export partner in pharmaceuticals is the US, which has the toughest regulatory requirements. See, pp. 48-49.
17. In the pre-1970s, when product patent system was prevailing in India, drug prices in India was very high and was almost equal to the prices in developed countries. *Ibid*, 132, 223.
18. For details see, Sudip Chaudhuri, "Multinationals and Monopolies: Pharmaceutical Industry in India After TRIPS" (24-3-2012) 47 EPW (No. 12) 46 and Sudip Chaudhuri, "TRIPS Agreement and Amendment of Patents Act in India" (19-8-2002) 37 EPW (No. 32) Special Article.
19. Sudip Chaudhuri, "Multinationals and Monopolies: Pharmaceutical Industry in India After TRIPS" (24-3-2012) 47 EPW (No. 12) 46, 69.
20. *Novartis AG v. Mehar Pharma*, (2005) 30 PTC 160 (Bom); *Wockhardt Ltd. v. Hetero Drugs Ltd.*, (2006) 32 PTC 65 (Mad); *F. Hoffmann-La Roche Ltd. v. Cipla Ltd.*, (2009) 40 PTC 125 (Del) are cases already decided on some among the mailbox applications.

NOVARTIS AG v. UNION OF INDIA
(2007) 3 LW 878: (2007) 4 MLJ 1153

(JUSTICE R. BALASUBRAMANIAN AND MRS
JUSTICE PRABHA SRIDEVAN)

JUSTICE R. BALASUBRAMANIAN

The writ petitioner in both the writ petitions is one and the same. In the first writ petition Novartis, a foreign company represented by its Indian Power of Attorney holder, is the writ petitioner. In the second writ petition, Novartis India represented by its power agent is the writ petitioner. The respondents in both the writ petitions are one and the same. The prayer in both the writ petitions is one and the same namely, for a declaration that Section 3(d) of the Patents Act, 1970, amended by Patents (Amendment) Act 15/2005, is unconstitutional. However, in the first writ petition there was an additional prayer in addition to the relief asked for. The additional prayer was to direct the second respondent in that writ petition namely, the Controller General of Patents and Designs, to allow the patent application bearing No. 1602/NAS/98 filed by the petitioner seeking patent. However, at a later stage, during the pendency of the writ petitions, M.P. No. 1/2007 came to be filed in that writ petition seeking to delete the prayer for a direction to the Patent Controller to allow the application and it was accordingly ordered. Therefore, as on date in the two writ petitions, the constitutional validity of Section 3(d) alone is in challenge, both on the ground that it violates not only Article 14 of the Constitution of India but also on the ground that it is not in compliance to TRIPS. Both the writ petitions along with the connected miscellaneous petitions were admitted by a learned Judge of this Court and before the very same learned Judge, at a later stage, all the miscellaneous petitions came up for disposal. We are informed that elaborate arguments were advanced by the learned Senior Counsels on either side at that stage and on 26-9-2006 learned Judge, who heard these writ petitions with the connected miscellaneous petitions, came to the conclusion that the writ petitions require the attention of a Division Bench of this Court, as according to the learned Single Judge, the writ petitions involve substantial questions of law. Therefore learned Single Judge passed an order directing the Registry to place the entire material papers before the Hon'ble Chief Justice for disposal by a Division Bench. Subsequently, by orders of the Hon'ble Chief Justice, these writ petitions are listed before us.

In this judgment, for convenience sake, we will hereinafter refer the Patents Act as the "Principal Act"; Ordinance 7/2004 introducing an amendment to Section 3(d) of the Act as the "Ordinance"; Amending Act, 2005 amending Section 3(d) of the Act as the "Amending Act";

Section 3(d) as the amended section and the Act after the amendment as the "Amended Act". The challenge to the amended section is mainly on two grounds namely, (a) it is not compatible to the Agreement on Trade Related Aspects of Intellectual Property Rights, hereinafter referred to as TRIPS for convenience sake; and (b) it is arbitrary, illogical, vague and offends Article 14 of the Constitution of India. For a better understanding of the attack to the amended section, we feel that it is desirable to extract hereunder Section 3(d) of the Principal Act; the nature of amendment to that section sought to be brought in by the Ordinance and the amended section itself: Unamended Section 3(d):

The mere discovery of any new property or new use of a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Amendment to Section 3(d) under Ordinance 7/2004:

The mere discovery of any new property or mere new use of a known substance or of the mere use of a known process; machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Section 3(d) as amended by the Patents (Amendment) Act, 2005 with effect from 1-1-2005:

The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

Explanation.—For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.

[**** discussed the arguments advanced by the parties and continued.]

On the submissions made by the learned Senior Counsels on either side, we are of the considered opinion that the following issues arise for consideration in these two writ petitions: (a) Assuming that the amended section is in clear breach of Article 27 of TRIPS and thereby suffers the vice of irrationality and arbitrariness violating Article 14 of the Constitution of India, could the courts in India have jurisdiction to test the validity of the amended section in the backdrop of such alleged violation of TRIPS? Or even if the amended section cannot be struck down by this Court for the reasons stated above, cannot this Court grant a declaratory relief that the amended section is not in compliance of Article 27 of TRIPS? (b) If it is held that courts in India have jurisdiction to go into the above referred to issue, then, is the amended section compatible

or non-compatible to Article 27 of TRIPS? (c) Dehors issues (a) and (b) referred to above, could the amended section be held to be violative of Article 14 of the Constitution of India on the ground of vagueness, arbitrariness and conferring uncanalised powers on the statutory authority?

Let us take the first issue. [***** stated the issue and continued.] In support of the arguments that Indian courts have jurisdiction to decide the issue under consideration, learned Senior Counsels appearing for the petitioners relied upon the decision of the House of Lords in the case reported in *Equal Opportunities Commission v. Secy. of State for Employment*²¹, [***** discussed the facts and history of the case and continued]. The House of Lords raised various questions to be addressed by it in that appeal and in our respectful opinion, the decision of the House of Lords on one of the questions raised by it to be addressed, would be relevant for the purpose of the case on hand. We extract that question hereunder: "The question is, whether judicial review is available for the purpose of securing a declaration that certain United Kingdom primary legislation is incompatible with Community Law?" In deciding that issue, the House of Lords referred to Article 119 of the EEC Treaty, which provides for the following: "Equal pay for equal work to men and women; Council Directive (EEC) 75/117 (the equal pay directive); and Article 2(1) of Council Directive (EEC) 76/207 (the equal treatment directive)."

[***** the Court extracted the relevant section and continued.] The House of Lords dismissed the appeal of the individual claimant agreeing with the decision of the earlier courts that it was only her private law claim. But however, in deciding the appeal of Equal Opportunities Commission, the House of Lords gave a declaration that Employment Protection (Consolidation) Act, 1978 is incompatible with Article 119 of the EEC Treaty and Council Directive (EEC) 75/117 and Council Directive (EEC) 76/207.

[***** discussed the arguments of the parties and continued.]

Even otherwise, we are of the considered view that in whichever manner one may name it namely, international covenant, international treaty, international agreement and so on and so forth, yet, such documents are essentially in the nature of a contract. In *Head Money cases*²² namely, the judgment of the Supreme Court of the United States, it is held as follows: "A treaty is primarily a contract between independent Nations, and depends for the enforcement of its provisions on the honor and the interest of the governments which are parties to it." Therefore there cannot be any difficulty at all in examining such treaties on principles applied in examining contracts. Under these circumstances, when

21. (1995) 1 AC 1; (1994) 1 All ER 910 (HL).

22. *Edye v. Robertson*, 28 L. Ed 798; 112 US 580 (1984).

a dispute is brought before a court arising out of an international treaty, courts would not be committing any error in deciding the said dispute on principles applicable to contracts. In other words, the court has to analyse the terms of such international treaty; the enforceability of the same; by whom and against whom; and if there is violation, is there a mechanism for solving that dispute under the treaty itself? Based on such construction of the international treaty namely, TRIPS, it is argued very strenuously by the learned counsels appearing for the contesting parties that there is a settlement mechanism under the Treaty itself and therefore even assuming without conceding that the petitioner has the right to enforce the terms of the said Treaty, yet, he must go only before the Dispute Settlement Body provided under the TRIPS itself. Article 64 of TRIPS is pressed into service to sustain this point. It is contended by Mr Anand Grover, learned counsel, that the settlement mechanism provided under Article 64 of TRIPS is governed by the procedure as understood by the World Trade Organisation. Mr Anand Grover, learned counsel, took us through the said Dispute Settlement Understanding. Article 1 of the Dispute Settlement Understanding defines the areas covered under that Rule. Article 1 declares that the agreements listed in Appendix 1 to the said Rule would be covered by the procedure. TRIPS is mentioned as one of the agreements in Appendix 1(B)—Annexure 1(C). We have been taken through the above referred Rules and Procedures governing the settlement of disputes and we find that it contains comprehensive provisions for resolving the disputes arising out of any agreements enumerated in Appendix 1 to that Rules. Under the Rules there is a Dispute Settlement Body. The manner of its constitution is also provided therein. Various steps to sort out the problem arising out of an agreement are provided therein. Article 17 of the Rules referred to above provides an appellate review against the order passed by the panel. Therefore, we have no difficulty at all that Article 64 of TRIPS read with World Trade Organisation's understanding on Rules and Procedures governing the settlement of disputes provides a comprehensive settlement mechanism of any dispute arising under the agreement. Article 3 of the Rules declares that the dispute settlement system of the World Trade Organisation is to provide security and predictability to the multilateral trading system. When such a comprehensive dispute settlement mechanism is provided as indicated above and when it cannot be disputed that it is binding on the Member States, we see no reason at all as to why the petitioner, which itself is a part of that Member State, should not be directed to have the dispute resolved under the dispute settlement mechanism referred to above. Several nations in the world are parties to TRIPS as well as the "WTO" agreement. The agreements are discussed, finalised and entered into at the higher level of the nations participating in such meeting. Therefore, it is binding on them. When such participating nations, having regard to

the terms of the agreement and the complex problems that may arise out of the agreement between nation to nation, decide that every participating nation shall have a Common Dispute Settlement Mechanism, we see no reason at all as to why we must disregard it. As we began saying that any international agreement possesses the basic nature of an ordinary contract and when courts respect the choice of jurisdiction fixed under such ordinary contract, we see no compelling reasons to deviate from such judicial approach when we consider the choice of forum arrived at in international treaties. Since we have held that this Court has no jurisdiction to decide the validity of the amended section, being in violation of Article 27 of TRIPS, we are not going into the question whether any individual is conferred with an enforceable right under TRIPS or not. For the same reason, we also hold that we are not deciding issue (b), namely, whether the amended section is compatible to Article 27 of TRIPS or not.

We also carefully applied our mind as to whether we can give a declaratory relief in exercise of the power under Article 226 of the Constitution of India? We have already found that the judgment in *Equal Opportunities Commission case*²³ is not a precedent for giving such a declaration.

[***** the Court referred to and extracted from *Charanjit Lal Chowdhury v. Union of India*²⁴, *K.K. Kochunni v. State of Madras*²⁵, *Rashid Ahmed v. Municipal Board, Kairana*²⁶, *T.C. Basappa v. T. Nagappa*²⁷, *Ebrahim Vazir Mavat v. State of Bombay*²⁸, and concluded.]

Therefore, it is clear that when an enactment infringes the fundamental rights and a challenge is made to that on that ground, the Hon'ble Supreme Court of India had said that it should not hesitate to grant a declaratory relief under Article 32 of the Constitution of India. In *Supreme General Films Exchange Ltd. v. Brijnath Singhji Deo*²⁹ and *Vaish Degree College v. Lakshmi Narain*³⁰, the Supreme Court held that the relief of declaration under the provisions of the Specific Relief Act is purely discretionary. In the latter judgment, the Supreme Court went on to hold that while exercising its discretionary powers, the court must keep in mind the well-settled principles of justice and fair play and should exercise the discretion only if the ends of justice require it, for justice is not an object which can be administered in vacuum. As rightly contended by Mr P.S. Raman, learned Senior Counsel, we have to decide in this case whether the amended section is bad in law for lack of legislative competency or it violates Part-III of the Constitution of India or any

23. (1995) 1 AC 1: (1994) 1 All ER 910 (HL).

24. AIR 1951 SC 41: 1950 SCR 869: (1951) 21 Comp Cas 33.

25. AIR 1959 SC 725: 1959 Supp (2) SCR 316.

26. AIR 1950 SC 163: 1950 SCR 566.

27. AIR 1954 SC 440: (1955) 1 SCR 250.

28. AIR 1954 SC 229: 1954 Cri LJ 712: 1954 SCR 933.

29. (1975) 2 SCC 530: AIR 1975 SC 1810.

30. (1976) 2 SCC 58: AIR 1976 SC 888.

2] other provisions in the Constitution. We also thought whether ends of justice require giving a helping legal hand to the petitioner. The amended section does not take away *in toto* the right of the petitioner to carry on the trade. It is contended by Mr P.S. Raman, learned Senior Counsel, that the petitioner gets only a proprietary right over the patent lasting for a fixed tenure and beyond that it does not get anything else. We agree with him on this point. We also find that ends of justice, on the facts of this case, are not in favour of the petitioner, which would disable us from exercising our discretionary jurisdiction. It has been held by the Supreme Court in an unreported judgment in *Katakis v. Union of India*³¹ that no declaration would be given where it would serve no useful purpose to the petitioner. We thought what will happen if a declaratory relief is given as asked for, assuming for a moment that we have the jurisdiction. It is a settled position in law that nobody can compel Parliament to enact a law. If that is the position, then, assuming that we give a declaration as prayed for namely, the amended provision is not in the discharge of India's obligation under Article 27 of TRIPS, even then, we fail to see for what use the petitioner can put it. Even if a consequential relief is not asked for, courts have held, depending upon the facts available in each case, that a declaratory relief could be granted, provided, it is shown that such a declaratory relief would be a stepping stone to claim relief at some other stage. Having that in our mind, when we again thought aloud as to what use to which such a declaratory relief, if granted to the petitioner, could be put to and we find that there is no scope at all to put in use the declaratory relief, if granted, at a later point of time. In other words, the declaratory relief, even if granted, would be only on paper, on the basis of which, the petitioner cannot claim any further relief in the Indian courts. [***** Court extracted from *Novartis AG case*³² and concluded.] Therefore, for the reasons stated above, we find that the petitioner in each writ petition is not entitled to even the declaratory relief.

Let us now take the last issue for consideration. "(c) *Dehors issues* (a) and (b) referred to above, could the amended section be held to be violative of Article 14 of the Constitution of India on the ground of vagueness, arbitrariness and conferring uncanalised powers on the statutory authority?"

[***** the Court reiterated the arguments of both parties and continued.]

In the light of the arguments advanced by the learned Senior Counsels all-round, we went through the entire records. We do find that Section 3(d) as shown in Ordinance 7/2004 had not been reproduced in the form in which it was shown in the Act. Therefore, the amended section definitely

31. WP No. 54 of 1968 dated 28-10-1968 (SC)(Unreported).

32. *Ibid.*

differs from the form in which it was put in the Ordinance. The amended section is not confined only to drugs as it deals with machines and apparatuses as well. But however, we are clear in our mind that the portions of the amended section and the Explanation under attack is definitely referable only to the pharmacology field namely, drugs. Since parliamentary debates have been relied upon by the learned Senior Counsels for the petitioners to argue that since the amended section appears to be a hurriedly brought out legislation, parliamentary debates can be looked into to find out whether the amended section is *ex-facie* violative of Article 14 of the Constitution of India. We went through the case laws brought to our notice by Mr V.T. Gopalan, learned Additional Solicitor General of India; Mr P.S. Raman, learned Senior Counsel and Mr Anand Grover, Mr Shanthi Bhushan, learned Senior Counsel relied upon one or two judgments so brought to our notice. We also tried to find out as to whether the "statement of objects and reasons" of an Act would help the court to analyse the provision which, the writ petitioner alleges, is violating Article 14 of the Constitution of India. The earliest judgment of the Indian court brought to our notice in this context by Mr P.S. Raman, learned Senior Counsel, is the judgment of the Supreme Court reported in *Aswini Kumar Ghose v. Arabinda Bose*³³, in which the law on the subject is laid down as hereunder: [***** Court extracted the observation and held.] Therefore, from the above pronouncement, it is clear that when the Bill is debated, new things are likely to emerge and the emerging new things may be taken into account while a final shape is given to the Bill before it was brought into an Act. The Statement of Objects and Reasons also stands excluded as extrinsic aid to the construction of a statute. [***** the Court referred and extracted from *Girdhari Lal & Sons v. Balbir Nath Mathur*³⁴, *K.S. Paripoornan v. State of Kerala*³⁵, *P.V. Narasimha Rao v. State (CBI/SPE)*³⁶ and continued.] In *P.V. Narasimha Rao v. State (CBI/SPE)*³⁷, the Supreme Court had held that the statement of the Minister, who makes the Bill in Parliament can be looked at, to ascertain the mischief sought to be remedied by the legislation. We now go back to *Girdhari Lal case*, wherein, the Supreme Court had held as follows:

Our own court has generally taken the view that ascertainment of legislative intent is a basic rule of statutory construction and that a rule of construction should be preferred which advances the purpose and object of a legislation and that though a construction, according to plain language, should ordinarily be adopted, such a construction should not be adopted where it leads

33. AIR 1952 SC 369; 1953 SCR 1.

34. (1986) 2 SCC 237; AIR 1986 SC 1499.

35. (1994) 5 SCC 593; AIR 1995 SC 1012.

36. (1998) 4 SCC 626; 1998 SCC (Cri) 1108; AIR 1998 SC 2120.

37. *Ibid.*

to anomalies, injustices or absurdities, vide *K.P. Varghese v. ITO*³⁸; *State Bank of Travancore v. Mohd. M. Khan*³⁹; *Som Prakash Rekhi v. Union of India*⁴⁰; *Ravulu Subba Rao v. CIT*⁴¹; *Govindlal v. Agricultural Produce & Market Committee*⁴² and *Babaji Kondaji Garad v. Nasik Merchants Coop. Bank Ltd.*⁴³

If we read parliamentary debate on Ordinance 7/2004, it appears that there was a widespread fear in the mind of the members of the House that if Section 3(d) as shown in Ordinance 7/2004 is brought into existence, then, a common man would be denied access to lifesaving drugs and that there is every possibility of "evergreening". The reply by the Hon'ble Minister for Commerce shows that the Hon'ble Minister was sure that Ordinance 7/2004 would prevent "evergreening". Parliamentary debates also show that the Hon'ble Minister was concerned with the other issues as well. Therefore, it is clear to our mind that Section 3(d) brought by Amending Act 15/2005 is as a result of debates on Ordinance 7/2004 in Parliament and due to debates change in the form is unavoidable and permissible, it is not possible to sustain the arguments advanced by the learned Senior Counsels that having shown Section 3(d) in a particular form in Ordinance 7/2004 and bringing it in a totally different form in Amending Act 15/2005, the amending section *ex-facie* stands in violation of Article 14 of the Constitution of India.

Let us now test the argument advanced before this Court by learned Senior Counsels on the validity of the amended section on the touchstone of Article 14 of the Constitution of India. As we understand the amended section, it only declares that the very discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance, will not be treated as an invention. The position, therefore, is that if the discovery of a new form of a known substance must be treated as an invention, then the patent applicant should show that the substance so discovered has a better therapeutic effect. Dorland's Medical Dictionary defines the expression "efficacy" in the field of Pharmacology as "the ability of a drug to produce the desired therapeutic effect" and "efficacy" is independent of potency of the drug. Dictionary meaning of "Therapeutic", is healing of disease—having a good effect on the body. Going by the meaning for the word "efficacy" and "therapeutic" extracted above, what the patent applicant is expected to show is, how effective the new discovery made would be in healing a disease/ having a good effect on the body? In other words, the patent applicant

38. (1981) 4 SCC 173; AIR 1981 SC 1922; (1981) 131 ITR 597.

39. (1981) 4 SCC 82; AIR 1981 SC 1744.

40. (1981) 1 SCC 449; 1981 SCC (L&S) 200; AIR 1981 SC 212.

41. AIR 1956 SC 604; 1956 SCR 577.

42. (1975) 2 SCC 482; AIR 1976 SC 263; 1975 Cri LJ 1993.

43. (1984) 2 SCC 50; AIR 1984 SC 192.

is definitely aware as to what is the "therapeutic effect" of the drug for which he had already got a patent and what is the difference between the therapeutic effect of the patented drug and the drug in respect of which patent is asked for. Therefore it is a simple exercise of, though preceded by research,—we state—for any patent applicant to place on record what is the therapeutic effect/efficacy of a known substance and what is the enhancement in that known efficacy. The amended section not only covers the field of pharmacology but also the other fields. As we could see from the amended section, it is made applicable to even machine, apparatus or known process with a rider that mere use of a known process is not an invention unless such a known process results in a new product or employs at least one new reactant. Therefore the amended section is a comprehensive provision covering all fields of technology, including the field of pharmacology. In our opinion, the explanation would come in aid only to understand what is meant by the expression "resulting in the enhancement of a known efficacy" in the amended section and therefore we have no doubt at all that the Explanation would operate only when discovery is made in the pharmacology field.

[***** the Court referred and extracted from *Aphali Pharmaceuticals Ltd. v. State of Maharashtra*⁴⁴, *Hardev Motor Transport v. State of M.P.*⁴⁵, and continued.]

In this case we find that the Explanation creates a deeming fiction of derivatives of a known substance deemed to be the same substance unless they differ significantly in properties with regard to efficacy. Therefore it is clear from the amended section and the Explanation that in the pharmacology field, if a discovery is made from a known substance, a duty is cast upon the patent applicant to show that the discovery had resulted in the enhancement of a known efficacy of that substance and in deciding whether to grant a patent or not on such new discovery, the Explanation creates a deeming fiction that all derivatives of a known substance would be deemed to be the same substance unless it differ significantly in properties with regard to efficacy. In our opinion, the amended section and Explanation give importance to efficacy. We have already referred to the meaning of "efficacy" as given in Dorland's Medical Dictionary. Scientifically it is possible to show with certainty what are the properties of a "substance". Therefore when the Explanation to the amended section says that any derivatives must differ significantly in properties with regard to efficacy, it only means that the derivatives should contain such properties which are significantly different with regard to efficacy of the substance from which the derivative is made. Therefore, in sum and substance, what the amended section with the Explanation prescribes is the

test to decide whether the discovery is an invention or not is that the patent applicant should show the discovery has resulted in the enhancement of the known efficacy of that substance and if the discovery is nothing other than the derivative of a known substance, then, it must be shown that the properties in the derivatives differ significantly with regard to efficacy. As we stated earlier, due to the advanced technology in all fields of science, it is possible to show by giving necessary comparative details based on such science that the discovery of a new form of a known substance had resulted in the enhancement of the known efficacy of the original substance and the derivative so derived will not be the same substance, since the properties of the derivatives differ significantly with regard to efficacy. As rightly contended by learned Additional Solicitor General of India and the learned Senior Counsels and learned counsels for the Pharmaceutical Company opposing the writ that the writ petitioner is not a novice to the pharmacology field but it, being pharmaceutical giant in the whole of the world, cannot plead that they do not know what is meant by enhancement of a known efficacy and they cannot show that the derivatives differ significantly in properties with regard to efficacy. Mr P.S. Raman, learned Senior Counsel argued that the legislature, while enacting a law, is entitled to create a deeming fiction and for that purpose, brought to our notice a judgment of the Supreme Court reported in *J.K. Cotton Spg. & Wvg. Mills Ltd. v. Union of India*⁴⁶ where, in para. 40, the Supreme Court had said that "the Legislature is quite competent to enact a deeming provision for the purpose of assuming the existence of a fact which does not really exist." It is also stated in the very same para that "it is well settled that a deeming provision is an admission of the non-existence of the fact deemed."

[***** the Court referred arguments of parties and extracted from *Benilal v. State of Maharashtra*⁴⁷, *Registrar of Coop. Societies v. K. Kunjabmu*⁴⁸, *Seaford Court Estates Ltd. v. Asher*⁴⁹, the commentary on canons—interpretation of broad terms in *Bennion: Statutory Interpretation* and continued.]

Therefore, it is clear from the case laws referred to above that Parliamentarian expresses its object and purpose in general terms when enacting a statute and does not foresee the minute details that are likely to arise in the future and provide a solution for the same at the time when the Act itself is enacted. On the other hand, they would be acting wiser if they make only general expressions, leaving it to the experts/statutory authorities and then courts, to understand the general expressions used in the statute in the context in which they are used in a case-to-case basis

46. 1987 Supp SCC 350: AIR 1988 SC 191.

47. 1995 Supp (1) SCC 235.

48. (1980) 1 SCC 340: AIR 1980 SC 350: (1980) 2 SCR 260.

49. (1949) 2 KB 481: (1949) 2 All ER 155 (CA).

44. (1989) 4 SCC 378: AIR 1989 SC 2227.

45. (2006) 8 SCC 613: AIR 2007 SC 839.

depending upon the facts available in each case. Using general expressions in a statute, leaving the court to understand its meaning, would not be a ground to declare a section or an Act ultra vires, is the law laid down by the Supreme Court in the *Benilal case*⁵⁰. Interpretation of a statute must be to advance the object which the Act wants to achieve.

Now, we went through the Statement of Objects and Reasons of Amending Act 15/2005. As rightly emphasised by Mr Soli Sorabji, learned Senior Counsel for the petitioners, the Statement of Objects and Reasons for Amending Act 15/2005 emphasises in more than one place that the amendment is in the discharge of India's obligation to TRIPS, which forms part of the "WTO" agreement. Therefore, a need has arisen for us to look into the relevant articles of TRIPS for the limited purpose of what obligations are created under TRIPS, which, India was attempting to discharge by bringing in Amending Act 15/2005. Article 7 of TRIPS provides enough elbow room to a member country in complying with TRIPS obligations by bringing a law in a manner conducive to social and economic welfare and to a balance of rights and obligations. Article 1 of TRIPS enables a member country free to determine the appropriate method of implementing the provisions of this agreement within their own legal system and practice. But however, any protection which a member country provides, which is more extensive in nature than is required under TRIPS, shall not contravene TRIPS. Article 27 speaks about patentability. Lengthy arguments have been advanced by learned Additional Solicitor General appearing for the Government of India, learned Senior Counsels and learned counsels appearing for the pharmaceutical companies that India, being a welfare and a developing country, which is predominantly occupied by people below poverty line, it has a constitutional duty to provide good healthcare to its citizens by giving them easy access to lifesaving drugs. In so doing, the Union of India would be right, it is argued, to take into account the various factual aspects prevailing in this big country and prevent evergreening by allowing generic medicine to be available in the market. As rightly contended by the learned Additional Solicitor General of India, parliamentary debates show that welfare of the people of the country was in the mind of Parliamentarians when Ordinance 7/2004 was in the House. They also had in mind the international obligations of India arising under TRIPS and under "WTO" agreement. Therefore the validity of the amended section on the touchstone of Article 14 of the Constitution of India must be decided having regard to the object which Amending Act 15/2005 wanted to achieve.

It is argued by the learned Senior Counsels for the petitioners that since the amended section uses only general expressions, leaving it to the

50. *Benilal v. State of Maharashtra*, 1995 Supp (1) SCC 235.

statutory authority to understand what it means, the statutory authority is likely to act arbitrarily in exercising its discretion, since it has no guidelines. We have already held that the amended section cannot be said to be vague or ambiguous. We reiterate here at this stage that the amended section with its Explanation is capable of being understood and worked out in a normal manner not only by the patent applicant but also by the Patent Controller. In other words, the Patent Controller would be guided by various relevant details which every patent applicant is expected to produce before him showing that the new discovery had resulted in the enhancement of the known efficacy; the derivatives differ significantly in properties with regard to efficacy and therefore it cannot be said that the Patent Controller had an unanalysed power to exercise, leading to arbitrariness. The argument that the amended section must be held to be bad in law since for want of guidelines it gives scope to the statutory authority to exercise its power arbitrarily, has to be necessarily rejected since we find that there are inbuilt materials in the amended section and the Explanation itself, which would control/guide the discretion to be exercised by the statutory authority. In other words, the statutory authority would be definitely guided by the materials to be placed before it for arriving at a decision.

[**** the Court referred and extracted from *Pannalal Binraj v. Union of India*⁵¹ and *State of Punjab v. Khan Chand*⁵², to highlight the types of discretions, if exercised, affecting various rights and the outcome of such exercise of discretion and concluded.]

From the above extracted portion, it is clear that Article 14 can be invoked only when it is shown that in the exercise of a discretionary power there is a possibility of a real and substantial discrimination and such exercise interferes with the fundamental right guaranteed by the Constitution. This judgment is by a Constitution Bench. The latter judgment⁵³ is also by a Constitution Bench, which also quotes with approval the above extracted passage in para. 10 of that judgment. It is not shown by the learned Senior Counsels appearing for the petitioners before us that in the exercise of the discretionary power by the Patent Controller, any of the petitioners' fundamental rights are violated, namely, to carry on the trade or the petitioners stand singularly discriminated. We find that the amended section by itself does not discriminate nor does it prohibit the trade being carried on.

It is argued by the learned Senior Counsels for the petitioners that the statutory authority is likely to misuse the discretion vested in it by throwing out the patent application as "not an invention", by relying upon the

51. AIR 1957 SC 397; 1957 SCR 233.

52. (1974) 1 SCC 549; AIR 1974 SC 543; (1974) 2 SCR 768.

53. *State of Punjab v. Khan Chand*, (1974) 1 SCC 549; AIR 1974 SC 543; (1974) 2 SCR 768.

amended section, when the amended section itself does not contain any guidelines. We have already found that the amended section has inbuilt protection enabling each of the patent applicants to establish before the Patent Controller that his discovery had resulted in the enhancement of the known efficacy of that substance and the derivatives are significantly differing in properties with regard to efficacy. Therefore, it boils down to only one question namely, could an arbitrary exercise of a discretionary power invalidate an Act?

[***** the Court referred and extracted from *M. Nagaraj v. Union of India*⁵⁴ and *Selvi J. Jayalalitha v. Union of India*⁵⁵, and continued.]

We have already found that there is no ambiguity or vagueness in the expressions under attack as found incorporated in the amended section and the Explanation attached to it. Ultimately, in that case the conclusions were summed up by saying (see para. 75) that "no law can be declared illegal because there is a possibility of its misuse" and "the Legislature has a duty to safeguard the economic interest of the country". When the validity of any law touching upon the economic interests of a country comes up before court, what the court should do, had been stated by the Supreme Court in the judgment in *Reiz Electrocontrols (P) Ltd. v. CCE*⁵⁶. In para. 10 of that judgment, the Supreme Court had extracted para. 10 of its earlier judgment in *Union of India v. Paliwal Electricals (P) Ltd.*⁵⁷, wherein it was found stated as hereunder: "It is equally necessary to determine, as pointed out repeatedly by this court, that in economic and taxation spheres, large latitude should be allowed to the Legislature." We could see that the Supreme Court in the *Paliwal case*⁵⁸ had borne in its mind the observations made by a Constitution Bench of the Supreme Court in *R.K. Garg v. Union of India*⁵⁹.

[***** the Court extracted from the *R.K. Garg case*⁶⁰ and *Union of India v. Elphinstone Spg. & Wvg. Co. Ltd.*⁶¹ and continued.]

We now went through the Patents Act, 1970 as amended by Act 15/2005. In India there was an Act called Indian Patents and Designs Act enacted in the year 1911. The Statement of Objects and Reasons of the Patents Act, 1970 (Act 39/1970) noticed that since the 1911 enactment, there had been substantial changes in the political and economic conditions of the country and therefore a need has arisen for a comprehensive law so as to ensure more effectively that patent rights are not worked out to the detriment of the consumer or to the prejudice of trade or the

54. (2006) 8 SCC 212; AIR 2007 SC 71.

55. (2007) 1 LW 724 (Mad).

56. (2006) 6 SCC 213; (2006) 200 ELT 360.

57. (1996) 3 SCC 407; AIR 1996 SC 3106.

58. *Jugal Kishore Paliwal v. S. Satjit Singh*, (1984) 1 SCC 358.

59. (1981) 4 SCC 675; AIR 1981 SC 2138; (1982) 133 ITR 239.

60. *Ibid.*

61. (2001) 4 SCC 139; AIR 2001 SC 724.

industrial development of the country, which was felt as early as 1948 resulting in the Government appointing the Patents Enquiry Committee to review the working of the patent law in India. Therefore, right from the year 1948 or so, Parliament was aware about the change in the economic conditions of the country, which made them to change the 1911 enactment to suit to the needs of the economic conditions of the country. Therefore there cannot be any doubt at all that the Patents Act as it stood then and as it stands today, is designed to safeguard the economic interests of this country and if that is so, the amended section must be viewed with greater latitude.

[***** the Court also referred to *State of A.P. v. McDowell & Co.*⁶², *Bombay Dyeing & Mfg. Co. Ltd. v. Bombay Environmental Action Group*⁶³, *Jyoti Pershad v. UT of Delhi*⁶⁴, and continued.]

As we have already found, the amended section has inbuilt measures to guide the statutory authority in exercising its power under the Act. We have also found that the amended section does not suffer from the vice of vagueness, ambiguity and arbitrariness. The statutory authority would be definitely guided in deciding whether a discovery is an invention or not by the materials to be placed before him by the patent applicant. If that is so, then, going by the law laid down by the Supreme Court in *M. Nagaraj v. Union of India*⁶⁵, if the statutory authority, in exercising his power, misdirects himself; abuses his power in an arbitrary manner and passes an order, then, the same could be corrected by the hierarchy of forums provided in the Act itself in addition to the further reliefs available before the courts of law. When that is the position, then, we have to necessarily state that the amended section cannot be invalidated solely on the ground that there is a possibility of misusing the power.

Now we refer to the decisions mainly relied upon by the learned Senior Counsel for the petitioners. Mr Soli Sorabji, learned Senior Counsel relied upon the following judgments: (a) *Hamdard Dawakhana v. Union of India*⁶⁶, (b) *State of M.P. v. Baldeo Prasad*⁶⁷, (c) *Harakchand Ratanchand Banthia v. Union of India*⁶⁸ and (d) *Hari Chand Sarda v. Mizo District Council*⁶⁹, [***** the Court examined these cases and continued.] In our respectful opinion, when the validity of an Act is challenged on the touchstone of Article 14 of the Constitution, the decision has to depend upon the provisions of the concerned statute itself, which are in challenge. Of course, law is well settled that when there is vagueness in any provision

62. (1996) 3 SCC 709; AIR 1996 SC 1627.

63. (2006) 3 SCC 434; AIR 2006 SC 1489.

64. AIR 1961 SC 1602; (1962) 2 SCR 125.

65. (2006) 8 SCC 212; AIR 2007 SC 71.

66. AIR 1960 SC 554; 1960 Cri LJ 735; (1960) 2 SCR 671.

67. AIR 1961 SC 293; (1961) 1 Cri LJ 442; (1961) 1 SCR 970.

68. (1969) 2 SCC 166; AIR 1970 SC 1453; (1970) 1 SCR 479.

69. AIR 1967 SC 829; (1967) 1 SCR 1012.

of law leading to arbitrary exercise of power/uncanalised powers, the Act should be struck down. Therefore whether any provision of law is hit by Article 14 of the Constitution on the ground stated above, would depend upon the construction of the provisions in challenge. When a particular Act is found to be suffering the vice of vagueness and arbitrariness, then, it must be held that it was so, on the construction of that statute. It cannot be said that whenever arbitrariness and vagueness are the vices projected as grounds of attack, the court should close its eyes and simply strike down the law without even finding out whether in the Act challenged there are such vices.

[**** the Court again extracted from these cases and continued.] If we have the above referred to principles of law in mind on Statutory Interpretation, we have to state with great respect that the judgment of the Supreme Court brought to our notice by Mr Soli Sorabji, learned Senior Counsel, would not stand attracted to the case on hand. The validity of the provisions of law considered in those cases and the validity of the provision of law in contest before us are not in pari materia. There is definitely a difference in the language and wording of the provisions challenged in those cases and the one before us. The context in which the offending provisions are used in the Act in challenge is also totally different from the context in which the offending provisions in the cases decided by the Supreme Court are used. Of course, in those judgments, the Supreme Court had clearly laid down that vagueness/ambiguity and arbitrariness resulting in uncanalised powers are grounds to invalidate an Act. In other words, with great respect, we state that in all the cases brought to our notice by Mr Soli Sorabji, the learned Senior Counsel, Supreme Court, analysing the provisions of the statute before them in the context of the arguments advanced, found that they are violative. We state that in this case we have already found, analysing the alleged offending provision, that it is not in violation of Article 14 of the Constitution. We have borne in mind the object which the Amending Act wanted to achieve namely, to prevent evergreening; to provide easy access to the citizens of this country to life saving drugs and to discharge their constitutional obligation of providing good health care to its citizens. We have also referred to the case laws brought to our notice by Mr Habibullah Badsha viz. *State of Punjab v. Khan Chand*⁷⁰, *State of Maharashtra v. Kamal S. Durgule*⁷¹, *B.B. Rajwanshi v. State of U.P.*⁷², *A.N. Parasuraman v. State of T.N.*⁷³, and *State of Rajasthan v. Basant Nahata*⁷⁴. On a perusal of the same also, we are in a position to reiterate

70. (1974) 1 SCC 549; AIR 1974 SC 543; (1974) 2 SCR 768.

71. (1985) 1 SCC 234; AIR 1985 SC 119.

72. (1988) 2 SCC 415; AIR 1988 SC 1089.

73. (1989) 4 SCC 683; AIR 1990 SC 40.

74. (2005) 12 SCC 77; AIR 2005 SC 3401.

with respect that our conclusions based on the case laws brought to our notice by Mr Soli Sorabji, learned Senior Counsel would equally apply to the case laws brought to our notice by Mr Habibullah Badsha, learned Senior Counsel. For all the reasons stated above, on issue (c) we hold that the amended section is not in violation of Article 14 of the Constitution and accordingly, both the writ petitions are dismissed with no order as to costs.

POINTS FOR DISCUSSION

1. Discuss the flexibilities available to India under Article 27 of the TRIPS Agreement, in determining the conditions for granting patent to an invention.
2. Discuss whether the amendments introduced in the Patents Act on Sections 2(j), (ja), (l), (ta), 3(d) (e) and (f), read together, are in conformity with Article 27(1) of the TRIPS Agreement.
3. Identify the reasons stated by the Court in refusing to examine the conformity of amendments with Article 27 of the TRIPS Agreement.
4. In the context that jurisdiction of the Dispute Settlement Body of WTO is confined only to dispute between Member States, examine the remedies available for an individual in case the law of a Member State is not in conformity with the TRIPS Agreement.
5. Identify the reasons given by the Court in refusing to give a declaratory remedy in this case. Examine the relevance of a declaratory judgment of a domestic court before the Dispute Settlement Body of WTO.
6. Identify the reasons given by the Court to conclude that Section 3(d) is not violative of Article 14 of the Constitution.
7. Assume that the argument of the petitioner in this case is that his right to property under Article 300-A of the Constitution is violated through different amendments including that of Section 3(d). Do you think that the decision is going to be the same?
8. Assume that the petitioner is an Indian scientist (citizen of India) working in a government R & D institution and the argument is that the amendment violates his fundamental right to livelihood (property) under Article 21 of the Constitution. Do you think that the decision is going to be the same?
9. Discuss the scope of protection of improved inventions in the pharmaceutical field in the light of the following observation of the Supreme Court in *Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*, (1979) 2 SCC 511; AIR 1982 SC 1444.

It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an

'inventive step'. "To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before". [****] A patentable invention, therefore, must involve something which is outside the probable capacity of a craftsman—which is expressed by saying it must have 'subject-matter' or involve an 'inventive step'.⁷⁵ **** The expression 'does not involve any inventive step' used in Section 26(1)(e) of the Act and its equivalent word 'obvious', have acquired special significance in the terminology of patent law. The 'obviousness' has to be strictly and objectively judged.

10. Discuss the concept of "evergreening of patent" and distinguish it from "incremental innovation".
11. Discuss the structure of Section 3 of the Patents Act and examine its relation to patentable standards given in Section 2 (invention, new invention, inventive step and industrial application).

Biotechnological inventions

Patenting of biotechnology related invention is another area that caused serious concern. There were conceptual as well as practical reasons for excluding inventions related to living organism from the scope of patent law. The conceptual issues included the legal and ethical justification in giving private property rights over life. The practical reasons involved the requirement of written description of the invention and the production of samples. But the developments that took place in biotechnology towards the end of the last century resulted in finding solutions for these issues and countries, particularly US, started granting patents to inventions relating to life forms. The decision of the US Supreme Court in *Diamond v. Chakrabarty*⁷⁶, set the stage for the beginning of a new era for life patenting. This was finally accepted in Article 27(3) of the TRIPS Agreement in a limited way.

In India, before the 2002 Amendment, the understanding is that there is no patent protection for inventions relating to life forms. But the Court in the following case interpreted the old law and justified the inclusion of inventions based on life forms as a subject-matter for patent protection.

**DIMMINACO A.G. v. CONTROLLER
OF PATENTS & DESIGNS
2002 IPLR 255 (Cal)**

JUSTICE ASHOK KUMAR GANGULY

This statutory appeal under Section 116 of the Patents Act, 1970 (hereinafter referred to as "P.A.") was filed against the decision dated 27-12-1999 passed by the Assistant Controller of Patents and Designs

75. Quoted from *Encyclopaedia Britannica*.

76. 65 L Ed 2d 114; 447 US 303 (1980).

under Section 15 of P.A. By the said impugned decision dated 27-12-1999, the Assistant Controller of Patents and Designs exercising the delegated authority from the Controller under Section 73(3) of P.A. refused to accept the patent application filed by the appellant and upheld the objection of the examiner.

The material facts of the case are that the said patent application filed by the appellant involved, according to the appellant, an investigation relating to a process for preparation of infectious Bursitis Vaccine. The said patent application was examined by the Patent Office Examiner under Section 12 of the P.A. On such official examination, the Examiner gave a finding that what is claimed in the said patent application does not constitute an invention under Section 2(i)(j) of P.A. The said Examiner further stated that the invention is one of the classes as specified in Section 5(a)/5(b) of P.A. as the substance prepared by the process is capable of being used as Food/Drug. However, the said examination reports show that the application of the appellant was rejected, inter alia, on the finding that the same does not constitute an invention under Section 2(i)(j) of P.A. as noted above. In the said impugned decision under appeal, the authority concerned also proceeded on that decision of the Examiner.

From the impugned order/decision under appeal, it appears that the Assistant Controller of Patents and Designs noted the contentions of the appellant that the invention relates to the process for the preparation of infectious Bursitis Vaccine (hereinafter referred to as "the said Vaccine") which is invented for protecting poultry against infectious Bursitis. It was the contention of the appellant before the Assistant Controller of Patents and Designs that under the present state of law in India, there is no bar against allowing the process for preparation of any product which is a patented commodity even if the process contains live virus. It was also the contention of the appellant that the objection under Section 2(i)(j) of P.A. put forward by the Examiner is not based on any reason. It has also been contended that there is no bar under the present state of law against granting patent to an end product, the manufacture of which involves the live virus and the grant of patent cannot be denied on the basis of any administrative policies. It was further stated that the administrative policies cannot be allowed to prevail over the statutory definition under the Act as that will be a negation of a rule of law inasmuch as no administrative policy can override the statutory provision. In dealing with the said contention, the Assistant Controller of Patents and Designs held that the process for preparation of the said vaccine which has living entity cannot be considered a manufacture. It was held that in past the same was never patented in India. The Assistant Controller of Patents and Designs was of the opinion that if the term "manufacture" is to be given such a wide meaning, there will be further problems as ever going new process

with foreign sophisticated technologies will have to be patented in India. The Assistant Controller of Patents and Designs, therefore, wanted to probe the intention of the legislature in ascertaining the term "manufacture" and, as such, relied on the recommendation of Justice Rajagopala Ayyangar on the earlier Patent Bill, 1953 and held that the said recommendation of Justice Rajagopala Ayyangar was accepted by the framers of the present law. The Assistant Controller further held that definition of "Invention" under Section 2(i)(j) of P.A. is substantially identical with definition as recommended by Justice Rajagopala Ayyangar as published in para. 3 of p. 130 of the report of the Patent Enquiry Committee. The Assistant Controller of Patents further held that the original definition of manufacture as provided in clause (j) of Section 2 of the Patent Bill, 1953 was not accepted in view of the recommendation of Justice Ayyangar. The Assistant Controller of Patents and Designs was, therefore, also not in favour of accepting the wider meaning to the term "manufacture". Therefore, the finding was reached by the said Assistant Controller of Patents and Designs that the process of preparing vaccine which contains the living virus cannot be considered manufacture.

The Assistant Controller of Patents and Designs further held that a vaccine with living organism cannot be considered a substance. The Assistant Controller further held that an inanimate object can be described as thing or item but not a living one and the specific finding providing micro-organism cannot be considered an inanimate such as it cannot be converted physically or chemically to any other product. Therefore, in the impugned decision, the Assistant Controller held that the subject-matter of the specification does not constitute an invention and the said patent application was, therefore, rejected. The learned counsel appearing in support of the appeal has challenged those findings on various grounds.

First of all, the learned counsel challenged that no reason has been assigned by the Examiner in coming to the conclusion that the appellant's patent application does not constitute an invention under Section 2(i)(j) of P.A. In support of this contention, the learned counsel referred to a textbook. [***** the Court discussed the procedure under Sections 12 and 13 and then continued.]

Assailing the report of the Examiner, the learned counsel for the appellant further submits that the process claimed in the original application of the appellant and also in amended form, after being properly examined, would meet the objection raised in the Examiner's report. The patent claimed is only for the process of preparation of the vaccine and not the vaccine itself. But for introduction of a new process for the preparation of a vaccine certain chemical steps have been taken under the specific scientific conditions. The said vaccine end-product is useful for protecting poultry against contagious bursitis infection and the

process contains a living virus as in any other vaccine. Therefore, it is a new process and such process for production of drug and pharmaceutical is patentable under Section 5 read with Section 2(i)(j) of the Act.

Under Section 2(i)(j) of the Patents Act, the expression "invention" has been defined to mean as follows:

- (j) 'Invention' would mean any new and useful
 - (i) art, process, method or manner of manufacture;
 - (ii) machine, apparatus or other articles;
 - (iii) substance produced by manufacturer and includes any new and useful improvement of any of them and an alleged 'invention'.

Section 5 of Patents Act is as follows:

Inventions where only methods or processes of manufacture patentable—

- (1) In the case of inventions—
 - (a) claiming substances intended for use, or capable of being used, as food or as medicine or drug, or
 - (b) relating to substances prepared or produced by chemical processes (including alloys, optical glass, semi-conductors and inter-metallic compounds), no patent shall be granted in respect of claims for substances themselves, but claims for the methods or processes of manufacture shall be patentable.
- (2) Notwithstanding anything contained in sub-section (1), a claim for patent of an invention for a substance itself intended for use, or capable of being used, as medicine or drug may be made and shall be dealt, without prejudice to the other provisions of this Act, in the manner provided in Chapter 1(V-A).

[***** the Court discussed the arguments of the parties and referred to the supplementary affidavit showing grant of process patent of living organism in Patent Offices of Delhi, Mumbai and Chennai and continued.]

It appears that in the instant case, the petitioner's application for patent has been refused mainly on the ground that the end product contains a living organism. Therefore, it has been held that it cannot be called a manner of manufacture. It is an admitted position that the word "manufacture" has not been defined in the Act. In such a situation, since the word manufacture has not been defined, the dictionary meaning of the word or the meaning attributed to it in the particular trade or business must be accepted if the end product is a commercial entity.

It is also admitted that there is no statutory bar to accept a manner of manufacture as patentable even if the end product contains a living organism. It is, of course, true whether a claim for grant of patent is an invention or not, has to be decided in the facts of each case. A new and useful art or process is an invention. In the instant case, the novel process claimed in the patent application in its original version and amended version is a new process for preparation of vaccine involving chemical steps under specific scientific conditions. The said vaccine is useful for

protecting poultry against contagious bursitis infection. Therefore, it is a new process and such process is apparently patentable under Section 5 read with Section 2(i)(j) of P.A. Therefore, where the end product is a new article, the process leading to its manufacture is an invention.

Judged in this context, the expression, "manner of manufacture", is of special significance. To decide whether in a particular case, the process of manufacture involved in the invention ought to be patented or not, one of the most common tests is the vendibility test. The said vendibility test is satisfied if the invention results in the production of some vendible item or it improves or restores former conditions of a vendible item, or its effect is the preservation and prevention from deterioration of some vendible product. In other words, a vendible product means something, which can be passed on from one man to another upon the transactions of purchase and sale.

Therefore, this Court is of the view that the Controller erred himself in law by holding that merely because the end product contains a live virus, the process involved in bringing out the end product is not an invention. The dictionary meaning of the word manufacture does not exclude the process of preparing a vendible commodity which contains a living substance and in a case like this where there is no statutory meaning of manufacture, the dictionary must be accepted.

This Court also finds that in the instant case, the appellant's claim for patent should have to be considered by the Controller on the principle of Section 3 of P.A. No objection has been taken by the examiner under Section 3 of the Patents Act.

This Court also finds that the order passed by the Controller that the claim process does not lead to the manufacture of a substance also cannot be accepted. Since the claim process of the patent leads to a vendible product, it is certainly a substance after going through the process of manufacture. Reference in this connection may be made to the decision of the Supreme Court in the case of *Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*⁷⁷.

In that judgment, the learned judges of Supreme Court held that patent is granted only for an invention which must be new and useful, which means it must have novelty and utility. In para. 17 of the said judgment the learned judges of the Supreme Court highlighted the object of patent law and said that the object of the law is to encourage scientific research, new technology and industrial progress. In para. 22 of the same judgment the learned judges also held that the law relating to patentable inventions prevailing in Britain and the patent law in India is substantially the same. Keeping the aforesaid principle in mind, the Court is of the opinion that the word manufacture which has been explained by the

77. (1979) 2 SCC 511: AIR 1982 SC 1444.

Chief Justice Abbott in *R. v. Wheeler*⁷⁸ should have been accepted by the Controller. In *R. v. Wheeler*⁷⁹ Chief Justice Abbott has held:

the word manufacture has been generally understood to denote either a thing made which is useful for its own sake and vendible as such...or to mean an engine or instrument to be employed either in the making of some previously known article.... Or it may perhaps extend also to new process to be carried on by known implements or elements.

The Controller by rejecting the application for patent by the appellant's firm on the ground that it cannot be called a manner of manufacture because it involves a living virus in the end product has not acted on correct principles. The Court has already referred to the patent application in the gazette notification and the materials disclosed by the respondent in dealing with those applications are already on record. From those records, it is clear that patent has been granted by the authorities in cases where end product contains living virus. But the stand of the respondents is that by the process of lyophilising the living cells will be killed.

However, the said explanation cannot be accepted by the Court. Even the dictionary meaning, on which the respondent relied, shows that lyophilising is meant for drying of materials in the frozen state. The same is therefore, a preservation technique and by lyophilising nothing is killed and destroyed. Reference in this connection should be made to *Willy's Encyclopedia of Food Science and Technology*, Vol. 2, pp. 1106, 1107 and Vol. 3 of the same book at p. 1633. Therefore, as a result of the said method, the biological activity of the material is retained and not wasted. In fact, freeze-drying does not kill the micro-organism activity. On the other hand, the same is the best method to preserve the bacterial cultures. The learned counsel for the respondent argued by way of desperation that if on investigation it is found that the end product of those patent applications in respect of which patent has been granted contains a living virus, the Controller would initiate steps for revocation of the aforesaid grants of patent. In fact, the said stand is contrary to law. The revocation of grant of patent is governed under Section 64 of P.A. Under the said section such revocation procedure can only be initiated on the petition of any person interested or on the basis of petition by the Central Government or on a counter claim in a suit for infringement of the patent. There are certain grounds, which are mentioned, in the said patent for such revocation. There is nothing to show that any such step has been taken. Therefore, this submission is not applicable to Court.

In that view of the matter and for the discussions aforesaid, this Court quashes the impugned order of the Controller dated 27 December 1999. The appeal is thus allowed.

78. (1819) 2 B & Ald 345: 106 ER 392.

79. *Ibid.*

The patent application of the Petitioner 135/Cal/98 is to be reconsidered for the grant of patent by the authority concerned as early as possible, but not later than two months from the date of production or service of this judgment on them. Such consideration must be made in the light of the observations made in this judgment and after hearing the parties.

There will be no order as to costs.

POINTS FOR DISCUSSION

1. What was the reason for rejecting the patent claim by the Controller of Patents?
2. Discuss whether there was a ban on patenting life form or process leading to life form in India before the 2002 Amendment to Patents Act.
3. Why was the presumption drawn prior to 2002 in favour of non patentability of living forms though there was no express prohibition of it in the Patents Act, 1970?
4. Discuss the scope of the judgment in the light of 2002 Amendment to Patents Act including micro-organism for patent protection.
5. Examine the implication of vendibility test in appreciating the meaning of "manner of new manufacture".

EXERCISE

1. Discuss the scope of applicability of the following observation of the US Supreme Court in *Diamond v. Chakrabarty*, 65 L Ed 2d 114: 447 US 303 (1980) in India.

Guided by these canons of construction, this Court has read the term 'manufacture' in Section 101 of 35 USC in accordance with its dictionary definition to mean 'the production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labour or by machinery.' ... Similarly, 'composition of matter' has been construed consistent with its common usage to include 'all compositions of two or more substances and ... all composite articles, whether they be the results of chemical union, or of mechanical mixture, or whether they be gases, fluids, powders or solids'. ... In choosing such expansive terms as 'manufacture' and 'composition of matter', modified by the comprehensive 'any', Congress plainly contemplated that the patent laws would be given wide scope. [*****]

The laws of nature, physical phenomena, and abstract ideas have been held not patentable. ... Thus, a new mineral discovered in the earth or a new plant found in the wild is not patentable subject-matter. Likewise, Einstein could not patent his celebrated law that $E=mc^2$ nor could Newton have patented the law of gravity. Such discoveries are 'manifestations of ... nature, free to all men and reserved exclusively to none'.⁸⁰

80. *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 92 L Ed 588: 333 US 127, 130: 68 S Ct 440, 441 (1948).

Judged in this light, respondent's micro-organism plainly qualifies as patentable subject-matter. His claim is not to a hitherto unknown natural phenomenon, but to a non-naturally occurring manufacture or composition of matter—a product of human ingenuity 'having a distinctive name, character [and] use'. [*****]

2. Critically examine the following observation of the US Supreme Court in *Mayo Collaborative Services v. Prometheus Laboratories Inc.*, 132 S Ct 1289 (2012) and discuss its impact on determining patentable subject-matter.

Per Breyer, J.:

II

Prometheus' patents set forth laws of nature—namely, relationships between concentrations of certain metabolites in the blood and the likelihood that a dosage of a thiopurine drug will prove ineffective or cause harm. Claim 1, for example, states that if the levels of 6-TG in the blood (of a patient who has taken a dose of a thiopurine drug) exceed about 400 pmol per 8×10^8 red blood cells, then the administered dose is likely to produce toxic side effects. *While it takes a human action (the administration of a thiopurine drug) to trigger a manifestation of this relation in a particular person, the relation itself exists in principle apart from any human action* (emphasis added). The relation is a consequence of the ways in which thiopurine compounds are metabolized by the body—entirely natural processes. And so a patent that simply describes that relation sets forth a natural law.

The question before us is whether the claims do significantly more than simply describe these natural relations. To put the matter more precisely, do the patent claims add *enough* to their statements of the correlations to allow the processes they describe to qualify as patent-eligible processes that *apply* natural laws? We believe that the answer to this question is no.

A

If a law of nature is not patentable, then neither is a process reciting a law of nature, unless that process has additional features that provide practical assurance that the process is more than a drafting effort designed to monopolize the law of nature itself. A patent, for example, could not simply recite a law of nature and then add the instruction 'apply the law'. Einstein, we assume, could not have patented his famous law by claiming a process consisting of simply telling linear accelerator operators to refer to the law to determine how much energy an amount of mass has produced (or vice versa). Nor could Archimedes have secured a patent for his famous principle of flotation by claiming a process consisting of simply telling boat builders to refer to that principle in order to determine whether an object will float. [*****]

The claim before us presents a case for patentability that is weaker than the (patent-eligible) claim in *Diehr* and no stronger than the (unpatentable) claim in *Flook*. Beyond picking out the relevant audience, namely those who administer doses of thiopurine drugs, the claim simply tells

doctors to: (1) measure (somehow) the current level of the relevant metabolite, (2) use particular (unpatentable) laws of nature (which the claim sets forth) to calculate the current toxicity/inefficacy limits, and (3) reconsider the drug dosage in light of the law. These instructions add nothing specific to the laws of nature other than what is well-understood, routine, conventional activity, previously engaged in by those in the field. And since they are steps that must be taken in order to apply the laws in question, the effect is simply to tell doctors to apply the law somehow when treating their patients. The process in *Diehr* was not so characterized; that in *Flook* was characterized in roughly this way. [*****]

The laws of nature at issue here are narrow laws that may have limited applications, but the patent claims that embody them nonetheless implicate this concern. They tell a treating doctor to measure metabolite levels and to consider the resulting measurements in light of the statistical relationships they describe. In doing so, they tie up the doctor's subsequent treatment decision whether that treatment does, or does not, change in light of the inference he has drawn using the correlations. And they threaten to inhibit the development of more refined treatment recommendations (like that embodied in Mayo's test), that combine Prometheus' correlations with later discovered features of metabolites, human physiology or individual patient characteristics. The 'determining' step too is set forth in highly general language covering all processes that make use of the correlations after measuring metabolites, including later discovered processes that measure metabolite levels in new ways.

We need not, and do not, now decide whether were the steps at issue here less conventional, these features of the claims would prove sufficient to invalidate them. For here, as we have said, the steps add nothing of significance to the natural laws themselves. Unlike, say, a typical patent on a new drug or a new way of using an existing drug, the patent claims do not confine their reach to particular applications of those laws. The presence here of the basic underlying concern that these patents tie up too much future use of laws of nature simply reinforces our conclusion that the processes described in the patents are not patent eligible, while eliminating any temptation to depart from case law precedent. [*****]

Prometheus, supported by several amici, argues that a principle of law denying patent coverage here will interfere significantly with the ability of medical researchers to make valuable discoveries, particularly in the area of diagnostic research. That research, which includes research leading to the discovery of laws of nature, is expensive; it 'ha[s] made the United States the world leader in this field'; and it requires protection (Brief for Respondent 52).

Other medical experts, however, argue strongly against a legal rule that would make the present claims patent eligible, invoking policy considerations that point in the opposite direction. The American Medical Association, the American College of Medical Genetics, the American Hospital Association, the American Society of Human Genetics, the Association of American Medical Colleges, the Association for Molecular Pathology, and other medical organizations tell us that if 'claims to

exclusive rights over the body's natural responses to illness and medical treatment are permitted to stand, the result will be a vast thicket of exclusive rights over the use of critical scientific data that must remain widely available if physicians are to provide sound medical care.⁸¹

We do not find this kind of difference of opinion surprising. Patent protection is, after all, a two-edged sword. On the one hand, the promise of exclusive rights provides monetary incentives that lead to creation, invention, and discovery. On the other hand, that very exclusivity can impede the flow of information that might permit, indeed spur, invention, by, for example, raising the price of using the patented ideas once created, requiring potential users to conduct costly and time-consuming searches of existing patents and pending patent applications, and requiring the negotiation of complex licensing arrangements. At the same time, patent law's general rules must govern inventive activity in many different fields of human endeavor, with the result that the practical effects of rules that reflect a general effort to balance these considerations may differ from one field to another.⁸²

In consequence, we must hesitate before departing from established general legal rules lest a new protective rule that seems to suit the needs of one field produce unforeseen results in another. And we must recognize the role of Congress in crafting more finely tailored rules where necessary.⁸³ We need not determine here whether, from a policy perspective, increased protection for discoveries of diagnostic laws of nature is desirable.

* * *

For these reasons, we conclude that the patent claims at issue here effectively claim the underlying laws of nature themselves. The claims are consequently invalid. And the Federal Circuit's judgment is reversed.

3. Consider the fate of the decision in *Assn. for Molecular Pathology v. Myriad*, No. 2010-1406, decided on 16-8-2012 (Fed Cir), available at <<http://www.cafc.uscourts.gov/images/stories/opinions-orders/10-1406.pdf>> in the wake of the US Supreme Court decision in *Mayo Collaborative Services v. Prometheus Laboratories Inc.*, 132 S Ct 1289 (2012).

READ

1. Case Comment, "The Patentability of Living Organisms under 35 USC Section 101: *In re Bergy*" 91 Harv L Rev 1357.
2. Christopher Beauchamp, "Patenting Nature: A Problem of History" (2013) 16 Stan Tech L Rev 101, available at <<http://stlr.stanford.edu/pdf/patentingnature.pdf>>.

81. Brief for American College of Medical Genetics et al. as Amici Curiae 7; see also, App. to Brief for Association Internationale pour la Protection de la Propriété Intellectuelle et al. as Amici Curiae A6, A16 (methods of medical treatment are not patentable in most of Western Europe).

82. See, Bohannan and Hovenkamp, *Creation Without Restraint*, 98-100.

83. Cf. 35 USC §§ 161-64 (special rules for plant patents).

3. Dan Hoang, "Prometheus Laboratories v. Mayo Clinic's Gift to the Biotech Industry: A Study of Patent-Eligibility of Medical Treatment and Diagnostic Methods after *Bilski*" (2011) 9 Nw J Tech & Intell Prop 457, available at <<http://scholarlycommons.law.northwestern.edu/njtip/vol9/iss7/5>>.
4. Eisenberg, "Wisdom of the Ages or Dead-Hand Control? Patentable Subject Matter for Diagnostic Methods After *In re Bilski*" (2012) 3 Case W Res J L Tech & Internet 1, available at <<http://law.case.edu/journals/JOLTI/Documents/Eisenberg%20-%20new.pdf>>.
5. Katherine J. Strandburg, "Much Ado About Preemption" (2013) New York University Law and Economics Working Papers, Paper 326, available at <http://lsr.nelco.org/nyu_lewp/326>.
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7. John R. Thomas, "*Mayo v. Prometheus*: Implications for Patents, Biotechnology, and Personalized Medicine" 6-11-2012 Congressional Research Service, available at <http://assets.opencrs.com/rpts/R42815_20121106.pdf>.
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9. Mae-Wan Ho, "Why Biotech Patents Are Patently Absurd: Scientific Briefing on TRIPs and Related Issues" (2002) 7 JIPR 151.
10. N.S. Gopalakrishnan, "Biotechnology and Intellectual Property Protection" (1995) 19 Academy Law Review 1.
11. Orijit Das, "Patenting and Ownership of Genes and Life Forms: The Indian Perspective" (2000) 3 JWIP 577.
12. Peter Drahos, "Biotechnology, Patents, Markets & Morality" (1999) 21 EIPR 441.
13. Rebecca S. Eisenberg, "How Can You Patent Genes?" (2002) 2 The American Journal of Bioethics 3.
14. Rui Xu, "From Prometheus to Myriad to Classen, What a Messy Subject Matter: A Review on Recent Life Science Method Patent Cases" (2013) 11 Nw J Tech & Intell Prop 121, available at <<http://scholarlycommons.law.northwestern.edu/njtip/vol11/iss2/8>>.
15. Timo Minssen and David Nilsson, "Standing on Shaky Ground: US Patent-eligibility of Isolated DNA and Genetic Diagnostics After *AMP v. USPTO—Part III*" (2012) 2 Queen Mary Journal of Intellectual Property (No. 3) 225-49.
16. Urkarsh Ghate, "Fighting Patent Wars on Bioresources: The Indian Response" (2001) 6 JIPR 472.

Protection of computer program

The scope of patent protection for computer program related invention in India is still a matter of debate. Till the 2002 Amendment to the Patents Act the impression was that there is no patent protection for computer program in India, though there are instances of Calcutta Patent Office clearing some process patent for computer related inventions. The 2002 Amendment Act introduced in Section 2(k) of the Patents Act the following provision: "a mathematical or business method or a computer program *per se* or algorithms" are not patentable. This leads to the serious debate on the coverage of the type of computer related inventions for patent protection in India.

In *Gottschalk v. Benson*⁸⁴, which was the case in which the US Supreme Court, for the first time, dealt with the modern software patents, the Court held that a mathematical formula which involved no substantial practical application, if patented, would result in pre-empting the formula and would be equivalent as patenting the algorithm itself. However, the Court made it clear that it does not want to preclude a patent for any program servicing a computer. In *Parker v. Flook*⁸⁵ again the Court refused patent protection to another computer program though it was argued that the presence of a specific post-solution activity distinguished this case from *Benson* on the basis that the said post-solution activity was trivial and "exalted form over substance". The Court held that the process is unpatentable under Section 101, not because it contains a mathematical algorithm as one component, but because once that algorithm is assumed to be within the prior art, the application as a whole contains no patentable invention.

However, taking inspiration from the philosophy in *Diamond v. Chakrabarty*⁸⁶, the Supreme Court in *Diamond v. Diehr*⁸⁷ took the view that what was sought to be patented in that case was a process for moulding rubber products and not a mathematical formula and hence was well within the scope of patentable subject-matter. After the *Diehr* case⁸⁸ another two-step test was introduced in the US by the Court of Customs and Patent Appeals, namely the *Freeman-Walter-Beck* test in an effort to scrutinise the patentability of inventions involving mathematical algorithm. This test consists of two steps:

1. the claim is analysed to determine whether a mathematical algorithm is directly or indirectly recited; and

84. 409 U.S. 630 (1972).
 85. 409 U.S. 974 (1972).
 86. 423 U.S. 176 (1975).
 87. 645 F.2d 155 (CA-9, 1980).
 88. 450 U.S. 212 (1981).

2. if a mathematical algorithm is found, the claim as a whole is further analysed to determine whether the algorithm is applied in any manner to physical elements or process steps.

If the answer to the second question is "yes", the claimed invention is patentable subject-matter.

However, in 1998, the Court of Federal Circuit rejected the *Freeman-Walter-Abele* test as a standard for identifying patentable subject-matter of computer implemented inventions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*⁸⁹ holding that after *Diamond v. Diehr*⁹⁰ and *Diamond v. Chakrabarty*⁹¹, the *Freeman-Walter-Abele* test has little, if any, applicability to determining the presence of statutory subject-matter.⁹² The Federal Circuit placed much weight on practical utility than on the category of the claim.

EXERCISE

- I. Examine the impact of *Bilski v. Kappos*, 177 L Ed 2d 792: 130 S Ct 3218 (2010) on business method patents in the light of the following observation:

Per Kennedy J:

The machine-or-transformation test may well provide a sufficient basis for evaluating processes similar to those in the Industrial Age—for example, inventions grounded in a physical or other tangible form. But there are reasons to doubt whether the test should be the sole criterion for determining the patentability of inventions in the Information Age. As numerous *amicus* briefs argue, the machine-or-transformation test would create uncertainty as to the patentability of software, advanced diagnostic medicine techniques, and inventions based on linear programming, data compression, and the manipulation of digital signals.

In the course of applying the machine-or-transformation test to emerging technologies, courts may pose questions of such intricacy and refinement that they risk obscuring the larger object of securing patents for valuable inventions without transgressing the public domain. The dissent by Judge Rader refers to some of these difficulties.⁹³ As a result, in deciding whether previously unforeseen inventions qualify as patentable 'process[es]', it may not make sense to require courts to confine themselves to asking the questions posed by the machine-or-transformation test. Section 101's terms suggest that new technologies may call for new inquiries. [*****]

The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea, just like the

89. 149 F 3d 1368 (Fed Cir 1998).

90. 67 L Ed 2d 155: 450 US 175 (1981).

91. 65 L Ed 2d 114: 447 US 303 (1980).

92. *Ibid.*, 1373.

93. *Alonso, re*, 545 F 3d 1015 (Fed Cir 2008).

algorithms at issue in *Benson* and *Flook*. Allowing petitioners to patent risk hedging would preempt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea.

Petitioners' remaining claims are broad examples of how hedging can be used in commodities and energy markets. *Flook* established that limiting an abstract idea to one field of use or adding token post solution components did not make the concept patentable. That is exactly what the remaining claims in petitioners' application do. These claims attempt to patent the use of the abstract idea of hedging risk in the energy market and then instruct the use of well-known random analysis techniques to help establish some of the inputs into the equation. Indeed, these claims add even less to the underlying abstract principle than the invention in *Flook* did, for the *Flook* invention was at least directed to the narrower domain of signaling dangers in operating a catalytic converter.

* * *

Today, the Court once again declines to impose limitations on the Patents Act that are inconsistent with the Act's text. The patent application here can be rejected under our precedents on the unpatentability of abstract ideas. The Court, therefore, need not define further what constitutes a patentable 'process', beyond pointing to the definition of that term provided in § 100(b) and looking to the guideposts in *Benson*, *Flook*, and *Diehr*.

And nothing in today's opinion should be read as endorsing interpretations of § 101 that the Court of Appeals for the Federal Circuit has used in the past.⁹⁴ It may be that the Court of Appeals thought it needed to make the machine-or-transformation test exclusive precisely because its case law had not adequately identified less extreme means of restricting business method patents, including (but not limited to) application of our opinions in *Benson*, *Flook*, and *Diehr*. In disapproving an exclusive machine-or-transformation test, we by no means foreclose the Federal Circuit's development of other limiting criteria that further the purposes of the Patents Act and are not inconsistent with its text. The judgment of the Court of Appeals is affirmed.

2. Examine the scope of patent protection of computer related invention in India in the light of the above US decisions.

REFERENCES

1. Jinseok Park, "Has Patentable Subject-matter Been Expanded?—A Comparative Study on Software Patent Practices in the European Patent Office, the United States Patent and Trademark Office and the Japanese Patent Office" (2005) 13 International Journal of Law and Information Technology 336.

94. See e.g., *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F 3d 1368 (Fed Cir 1998); *AT&T Corp. v. Excel Communications Inc.*, 172 F 3d 1357 (3rd Cir 1999).

2. Jur Strobos, "Stalking the Exclusive Patentable Software: Are There Still *Diehr* or Was it Just a *Flook?*" (1993) 6 Harv JL & Tech 363.
3. Lemley, Risch, Sichelman and Wagner, "Life After *Bilski*" (2011) 63 Stan L Rev 1315. Mark J. Abate, "Patentability of Computer Software Under US Law" (2000) 3 JWIP 697.
4. Seymour E. Hollander, "Protection of Computer Software" (1982) 14 IPLR 111.
5. Mark J. Abate, "Patentability of Computer Software Under US Law" (2000) 3 JWIP 697.
6. Yogesh A. Pai, "Patent Protection for Computer Programs in India: Need For a Coherent Approach" (2007) 10 JWIP 315.

REGISTRABLE MARKS

A trade mark can be a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof,⁹⁵ capable of being represented graphically and which is capable of distinguishing goods or services of one person from those of others.⁹⁶ However, protection is limited to "distinctive" marks which are capable of identifying and distinguishing the goods of the trade mark owner from those of others.⁹⁷ Some non-distinctive terms belonging to the category of descriptive terms, geographic terms, etc. becomes eligible for protection if they become distinctive or acquire secondary meaning as a result of the use made of it or if it is a well-known trade mark.⁹⁸

In the following case the question was if and when a geographical name becomes capable of distinguishing the goods or services of a particular trader and thus becomes entitled to be registered under the Trade Marks Act.

ITC LTD. v. REGISTRAR OF TRADEMARKS

(1950-2000) 23 Supp (2) PTC 533 (Cal)

JUSTICE SALIL KUMAR DATTA

This is an appeal from the judgment and order of P.B. Mukharji J (as his Lordship then was) dated 24-5-1968, 27-5-1968, 28-5-1968 in an appeal under Section 109 of the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the said Act). By that judgment the order of the Registrar of Trade Marks dated 26-5-1968 rejecting an application for

95. S. 2(m), Trade Marks Act, 1999.

96. S. 2(zb), *ibid.*

97. S. 9(1)(a), *ibid.*

98. Proviso to S. 9(1).

registration of trade mark filed by the Imperial Tobacco Co. of India Ltd. in Part A of the Register or alternatively in Part B, of the Register, was affirmed. The trade mark for registration is a label, used as wrapper of packets of cigarettes bearing the device of snow clad hills in outline with the word "Simla" written prominently in various panels of the label with small inscription that the content is "a product" of the applicant company. The application had been made for registration of the trade mark in Class 34 in respect of manufactured tobacco. In the course of the hearing of this appeal, an application has been filed stating that the name of the appellant has since been changed to ITC Ltd. under the provisions of the Companies Act, 1956 and accordingly the name of the appellant has been amended to read as "ITC Ltd." by order of this Court and the cause title has been directed to be amended in consequence.

The appellant filed an application on 20-4-1960 for registration of the said trade mark in Part A of the Register stating that the said trade mark was "proposed to be used in respect of manufactured tobacco in Class 34". The Registrar of Trade Marks sent a reply on 9-12-1960 to the following effect:

.... Word 'Simla' which forms the essential and distinguishing feature of the mark is a famous geographical name and is not registrable except on a very strong evidence of distinctiveness. No such evidence is possible as the mark is proposed to be used. You should therefore show-cause why the application should not be refused....

By its letter dated 17-7-1963 the appellant withdrew the application and on the same date filed a fresh application for registration of the same trade mark in Class 34 in respect of manufactured tobacco. It was stated therein that during the period from April 1960 to 30-6-1963, about 42 crores of such cigarettes under the said trade mark had been sold throughout India while ₹ 15.50 lakhs had been spent as advertisement costs, the value of the cigarettes sold being ₹ 1.14 crores. In support of the application the appellant also filed 22 affidavits from consumers, dealers and shopkeepers throughout the country to establish that the trade mark had in the meantime acquired distinctiveness and further, it appears the cigarettes have been in continuous use since then.

Thereafter, there was a hearing of the application before the Deputy Registrar of Trade Marks Calcutta and by letter dated 29-12-1965 issued by the Assistant Examiner of Trade Marks the appellant was informed that the materials on record and arguments advanced on its behalf were duly considered by the Deputy Registrar and the said application for registration of the trade mark either in Part A or Part B of the Register had been refused by him.

The Deputy Registrar forwarded grounds of his decision under Section 18(6) of the Act dated 28-3-1966 to the appellant on its requisition.

Against this decision, the appellant preferred an appeal to this Court under Section 109(2) of the Act which was heard by P.B. Mukharji and was dismissed as already stated. Thereafter the appellant preferred a further appeal to the Bench of this Court under Section 109(5) which has been heard by us.

[**** quoted from the observation of Deputy Registrar and High Court arguments of parties, Sections 6, 7, 9, 28, 29 and the English Law, quotations from *Halsbury's Laws of England*, Vol. 38 (3rd Edn.) Article 880 and *Kerly's Law of Trade Mark and Trade Names* (10th Edn.) and continued.]

Even so, the provisions both of Sections 9(2)(b) and 10(2)(b) of the British Act and our Section 9(5), clause (b) also require evidence of use to establish that the trade mark is in fact adapted to distinguish or capable of distinguishing the goods in respect whereof registration is sought for.

[**** quoted from the case of "*Weldmesh*" trade mark¹, Section 9 proviso and continued.]

All these are subject to the condition that where inherent unsuitability is so strong, no degree of distinctiveness in fact can counter balance it so that some marks are totally unregistrable. This is for the reason that if any mark for example violates the requirements of sub-clause (d) of sub-section (1) such mark because of inherent infirmity can never be distinctive or capable of distinguishing the goods of the applicant sought to be registered from others' goods either inherently or by reasons of user of the mark or other circumstances.

A geographical name according to its ordinary signification is such a mark inherently or otherwise incapable of registration subject to such minor exceptions in regard to other aspects as noticed in judicial decisions referred hereinafter. In *Corpus Juris*, Vol. 63 (1933 Edn.) Chapter of Trade Marks etc., Article 53, pp. 356-57, it is stated:

Geographical terms and words in common use to designate a locality, a country, or a section of country cannot be monopolised as trade marks; but a geographical name not used in geographical sense to denote place of origin, but used in an arbitrary or fanciful way to indicate origin or ownership regardless of location, may be sustained as valid trade mark.

According to Section 9, sub-section (1), clause (d) of our Act, a trade mark for registration in Part "A" of the Register must contain one or more words having no direct reference to the character or quality of the goods and not being according to its ordinary signification, a geographical name.

The first point for consideration is whether the test of clause (b) of Section 9(5) has been satisfied in this case that is if by reason of use the mark in fact has become distinctive or adapted to distinguish or is in fact

1. 1965 RPC 590 (595).

capable of distinguishing the goods of the appellant from others. The appellant has submitted affidavit evidence to prove that on the date of application on 20-7-1963 the goods (cigarettes) introduced in 1960 have, in course of three years, reached fantastic figure of sale at over ₹ 1.14 crores with advertisement costs of over ₹ 15.50 lakhs. Mr Chakravarti also filed an application before us in support of his case that the sale figure has been constantly increasing since along with costs of advertisement. We have, however, thought it fit to confine ourselves to facts as existing on the date of application which is the usual practice followed in such cases. Though evidence as to subsequent events may be admissible as throwing light on the question, we shall proceed on the basis that the "Simla" cigarettes have not been withdrawn from the market and the sale of "Simla" cigarettes has been continuing. Even so, the acquisition of distinctiveness should be on the date when the application is filed for registration, and the law does not require or provide for acceptance of evidence of subsequent events.

[**** discussed the issue of withdrawal of application and continued.]

In the trade mark we are concerned with there is no dispute that though the mark is composite in character including word "Simla" in bold character with snow clad hills in outline and an inscription that the product is of the appellant in ordinary character or manner, the word "Simla" is the prominent feature of the mark and distinctiveness is claimed in respect of the word "Simla". Even so the trade mark is not confined to the word "Simla" and in the affidavits filed by the smokers on behalf of the appellant, the deponents say that the "Simla" label bears the inscription in ordinary character of being the product of the appellant whose products are of good and standard tobacco. It is accordingly not possible to say that the word "Simla" by itself has acquired secondary meaning to its customers so as to conjure in their mind the cigarettes belonging to the appellant only and to none else even if the mark did not contain the inscription that it was a product of the appellant. A trade mark like "Simla" on goods to distinguish them from others' goods as claimed, must be the trade mark on its own, without any assistance from indications like such goods being a product of the appellant. That is not the case possible here, as the mark Simla does not stand on its own so that it is not possible to say that by reason of the use "Simla" is adapted to distinguish or capable of distinguishing as the goods of appellants to the exclusion of goods of others.

As we have seen "Simla" is not an invented word; and though it has no reference to the character or a place of origin of the goods sought to be registered it is not inherently distinctive or adapted to distinguish "as there is no sufficient distinguishing characteristic in the mark itself so that distinctiveness might be expected to result whatever the type and scale of user and thus secure an estimation of the positive quality in

the mark." This infirmity brings the trade mark out of the operation of clause (a) of Section 9(5). There is no other circumstances pleaded and the user of the trade mark "Simla" by itself as we have seen, on the evidence adduced cannot be said in fact as distinctive or capable of distinguishing the goods of the appellants from others by use in consequence whereof clause (b) of Section 9(5) has also no operation. In arriving at this conclusion, we are not influenced by the finding that three years' time is too short for acquisition of distinctiveness, as there may be cases where a product may attain such distinctiveness within a short spell of time for its inherent qualities of the product.

Even assuming that the trade mark "Simla" has become capable of distinguishing by use thus fulfilling the condition of clause (b) of Section 9(5) entitling registration in Part B of the Register, there are other formidable hurdles in the way of registration as already noted. As we have seen, the mark Simla is a geographical name and the snow-clad hills in outline in the mark indicates its use in ordinary or geographical significance, so that the mark is neither a fancy or invented word nor one with a secondary meaning. [***** The Court quoted from *Kerly's Treatise* (10th Edn.) and continued.]

Though clause (d) of Section 9(1) which refers to geographical name in ordinary significance relates to registration in Part A of the Register, the distinctiveness of the trade mark which makes it capable of distinguishing the applicant's goods, as required in clause (b) of Section 9(5) in respect of registration, in Part B of the register is a vital and essential element for the purpose. Such distinctiveness is not possible for any geographical name in its ordinary or geographical significance. Though the rule has been relaxed in respect of small and insignificant place or where there is no geographical significance of the mark, if the geographical name propounded for registration is the name of an important country or a large district, county or city of commercial importance or has a geographical signification, the mark will be refused registration notwithstanding evidence of long and extensive use. [***** the Court referred and quoted from *Liverpool Electric Cable Co. Ltd. Application, re*²; *A. Baily & Co. Ltd. v. Clark, Son & Morland*³; *Yorkshire Copper Works Ltd. v. Registrar of Trade Marks*⁴; and continued.]

The position emerging from the statutory provisions and the judicial interpretations thereon appears to be that a trade mark in Part B of the Register will be registered if the mark is distinctive capable of distinguishing the applicant's goods from others. In determining whether the mark is distinctive or capable of distinguishing the Tribunal shall have regard if the mark is inherently distinctive or is inherently capable of

distinguishing as aforesaid. If not, the Tribunal will further examine if by reason of use or other circumstances, the trade mark has in fact become distinctive (adapted to distinguish) or capable of distinguishing as aforesaid. All the same the Tribunal will refuse registration in respect of either parts of the Register if the trade mark is inherently incapable of being distinctive or inherently incapable of distinguishing the goods of the applicants from those of others. Such reasons obviously are the disabilities violating the provisions of clauses (c), (d) and (e) of sub-section (1) of Section 9 of our Act which again may not be exhaustive. The courts of law have further imposed the condition that no trade mark should be allowed to be registered which may hamper or embarrass the traders or trade now or in future in respect of the place or country which is proposed to be registered.

[***** Court referred to *Tijuana Smalls Trade Mark*⁵, and the arguments and concluded.] For the aforesaid reasons the appeal fails and is dismissed without any order for costs in the circumstances. Appeal dismissed.

POINTS FOR DISCUSSION

1. What are the conditions under which a geographical name could be registered as a trade mark according to the Court?
2. What are the tests for proving acquired distinctiveness in the case of marks which are inherently incapable of distinguishing?
3. Has the position undergone any change with the enactment of the Trade Marks Act, 1999?
4. How is the balancing of interests created by registration under the Geographical Indications of Goods (Registration and Protection) Act, 1999 and registration of a geographic name as a trade mark is attempted, if at all, in the Trade Marks Act, 1999?

REFERENCES

1. Alison Firth, Ellen Gredley and Spyros M. Maniatis, "Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception" (2001) 23 EIPR 86.
2. Angela Fox, "Does the Trade Mark Harmonisation Directive Recognise a Public Interest in Keeping Non-distinctive Signs Free for Use?" (2000) 22 EIPR 1.
3. *Philips Electronics NV v. Remington Consumer Products Ltd.*, 1998 RPC 283, approved on appeal in *Philips Electronics NV v. Remington Consumer Products Ltd.*, 1999 RPC 809 (CA). See also, Justin Watts, "Trade Marks for the Shape of Goods" (1998) 20 EIPR 14.
5. 1973 RPC 453; 1973 FSR 235.

2. (1929) 46 RPC 99.

3. 1938 AC 557; (1938) 2 All ER 377; (1938) 55 RPC 253.

4. (1954) 1 WLR 554; (1954) 1 All ER 570; (1954) 71 RPC 150 (HL).

Well-known marks

The concept of well-known marks, though not recent in origin, has now started whittling down several conventional foundations of trade mark law. The ever-expanding global market forced the brand owners to be concerned of the need to protect their well-known trade marks on a global basis. For the mighty business establishments, who face commercial battle in the modern international marketplace, a strict adherence to the more traditional territorial concept of trade marks has become a serious economic concern.⁶ A famous mark's reputation not only transcend territorial boundaries but also extends to unrelated fields of activity far beyond the scope of the original goods or services in relation to which the mark is used.⁷

The first recognition of the concept of well-known marks finds its roots in Article 6bis of the Paris Convention. But the Paris Convention does not provide any definition for well-known marks. Some clarifying points are, however, available in Article 16(2) and 16(3) of the TRIPS Agreement. Moreover, the TRIPS Agreement expands the reach of Article 6bis and makes a legal basis available for the protection on non-competing goods or services. This constitutes an exception to the "principle of speciality"⁸. Together with the growing relaxation of the "principle of speciality", a trend is developing at present whereby extended protection to non-competing goods or services is afforded not only to the "famous" marks but also to "well-known" marks and marks that enjoy a "reputation".⁹ It is true that a strict differentiation among the three is not possible as these concepts are relative. The question is, has the mark, in fact, acquired a sufficient reputation, fame or well-known status among the consuming public to warrant extended protection to the particular territory or in respect of non-competing goods or services?

Apart from the definition of well-known marks there are additional questions to be answered such as the conditions under which a well-known mark has to be protected. Questions like whether the mark should be registered in the country for extending protection to it and should it be used there? Article 6bis applies in situations in which a well-known mark is not registered in a given country.¹⁰ There is also the opinion that a well-known mark need not actually have been used in the jurisdiction in which protection is sought.¹¹ Another issue, which again creates confusion with respect to the scope of the concept of well-known marks, is

6. Frederick W. Mostert, *Famous & Well-Known Marks* (Butterworths 1997) 4.

7. *Ibid.*, 5.

8. The "principle of speciality" stipulates that trade marks can only be protected in relation to the same or similar goods or services covered by their registration or use.

9. Frederick W. Mostert, *Famous & Well-Known Marks* (Butterworths 1997) 20.

10. *Ibid.*, 23.

11. *Ibid.*, 24.

regarding the population with respect to which the mark is considered to be well known. "Is the mark to be well-known among the public at large or only to the trade circle in which the relevant goods or services circulate?" In other words, what is the significance of the phrase "in the relevant sector of the public" coming under Article 16(2) of the TRIPS Agreement? The developing countries are prone to favour the latter interpretation, which is liberal in nature.¹²

In India under the 1956 Act a defensive registration was necessary to protect these marks provided they are inventive words.¹³ But the 1999 Act introduced substantial changes in the protection of well-known marks.¹⁴ Even before the coming into force of the new Act the Judiciary extended protection to well-known marks by expanding the scope of passing off remedy. The following case is illustrative of this trend.

N.R. DONGRE v. WHIRLPOOL CORPN.

(1996) 5 SCC 714; (1996) 16 PTC 583; AIR
1995 Del 300; (1996) 16 PTC 476 (Del)

JUSTICE J.S. VERMA

This is an appeal against the order of the learned Single Judge dated 31-10-1994 whereby the application of the respondents (who are plaintiffs in Suit 1705/94) under Order 39 Rules 1 and 2 CPC seeking an ad interim injunction restraining the appellants (defendants in the above said suit) from passing off their goods as that of the respondents was allowed and the appellants were restrained from manufacturing, selling, advertising or in any way using the trade mark "WHIRLPOOL" in any other trade mark deceptively or confusingly similar to the trade mark "WHIRLPOOL" in respect of their goods. The appeal arises in the following circumstances:

The first respondent, which is the first plaintiff in the suit, is an American Corporation, organised and existing under the laws of the State of Delaware, USA. The second respondent, a Company registered in India, is a joint venture company established by the first respondent and a company called Sundaram Clayton. A suit was filed by the respondents on 4-8-1994 against the appellants for permanent injunction, passing off and damages. According to the plaint the first respondent is engaged in the manufacture, sale, distribution and servicing of washing machines under the trade mark WHIRLPOOL. It has, directly or through its subsidiaries, more than 2000 trade mark registrations all over the world. In India its trade mark "WHIRLPOOL" was registered on 22-2-1956 in respect of clothes dryers, washers, dishwashers,

12. See, Art. 1706(6) of the NAFTA.

13. See, S. 48, Trade and Merchandise Marks Act, 1956.

14. See, Ss. 7, 8, 9 & 11, Trade Marks Act, 1999.

vacuum cleaners, air-conditioners, dehumidifiers, freezers etc. in Classes 7, 9 and 11. The registrations were renewed up to the year 1977 but despite instructions of the first respondent for renewal of registration in Classes 7 and 9, the registrations lapsed due to lack of proper communication with its counsel. Notwithstanding the lapsed registration, the trade mark of the first respondent was used in this country through sale of its washing machines to the US Embassy and US AID offices in New Delhi and also through advertisements in various publications having a circulation in India. Besides, the products of the first respondent were reaching the Indian consumers in a second hand state or through indirect channels. Plaintiff also refers to the recent liberal economic policy as a result whereof, in the year 1987, it established a joint venture known as "TVS Whirlpool Ltd." The respondents thereafter filed nine applications for registration of trade mark "WHIRLPOOL" in clauses 7, 9 and 11 in respect of their goods including washing machines which are pending in the Trade Marks Registry.

The plaintiff also alludes to the fact that the trade mark "WHIRLPOOL" belonging to the first respondent has acquired global reputation. According to the issue of 25-7-1994 of "FORTUNE Global 500" rated the first respondent as the 207th largest Corporation in the world in terms of sales and the 30th largest Global Corporation dealing in electronic and electrical equipments. It also points out that its name is also included in the 1992 Edition of the book "World Class Business—a Guide to the 100 Most Powerful Global Corporations", by Phillip Mattero. It also claims that as a result of extensive advertising and promotional efforts, its products including washing machines have acquired immense reputations and the trade mark "WHIRLPOOL" is being associated with the goods of the first respondent.

On 6-8-1986 a Trust known as "Chinar Trust" through its trustees, first and second appellants, applied to the Registrar of Trade Marks for registration of trade mark "WHIRLPOOL" in respect of washing machines. In the application it was claimed that the trade mark was being used by it since July 1986. The respondents on coming to know about the application of Chinar Trust from the Mark Journal 945 dated 16-10-1988, filed their opposition on 16-1-1989 under Section 21(1) of the Trade and Merchandise Marks Act, 1958 (for short "the Act"). On 21-9-1989 the Chinar Trust filed their counter statement. Thereafter on 5-12-1990 the respondents in support of their opposition filed an affidavit of one Lawrence John Kremer dated 5-12-1990. On the other hand, the Chinar Trust filed the affidavit of one Mr Pradeep Singhal dated 3-10-1991. The respondents in reply filed another affidavit of Lawrence John Kremer dated 19-12-1991. On 12-8-1992 the Assistant Registrar of Trade Marks at Delhi, however, dismissed the opposition of the respondents and accepted the application of Chinar Trust, inter-alia, on the ground

that knowledge and reputation of the trade mark "WHIRLPOOL" in respect of the goods of the first respondent was restricted to specialised class of people in India and the same was not sufficient to determine the likelihood of confusion by the use of trade mark by the applicant. The respondents not being satisfied with the order of the Assistant Registrar, Trade Marks, filed an appeal to this Court under Section 109(2) of the Act which came to be admitted on 1-2-1993 and is still pending for disposal. On 30-11-1992 trade name "WHIRLPOOL" was registered by Trade Marks Registry in favour of the "Chinar Trust", in accordance with the abovesaid order of the Assistant Registrar. On 4-8-1993 the respondents filed a petition under Sections 46 and 56 of the Act for cancellation and removal of trade mark registration issued in favour of the "Chinar Trust". Thereafter the respondents came across an advertisement in Hindi daily Dainik Jagran, Lucknow Edition of 2-7-1994 inserted by Sadhna Electric Company, Chander Nagar Market, Lucknow as principal dealer of "WHIRLPOOL" washing machines, requiring dealers for the said machines. The same advertisement appeared in Hindustan Times, Delhi Edition of 9-7-1994 as well. The advertisement inter alia mentioned that "WHIRLPOOL" was the registered trade mark of the "Chinar Trust", New Delhi. The second respondent thereafter purchased a washing machine marketed by the appellants. This machine was examined by an employee of the respondents who found that the product was inferior to the product manufactured by the first respondent. The respondents approached "Chinar Trust" for settlement of the dispute but the latter demanded a large sum of money for giving up its claim to the trade mark "WHIRLPOOL". The respondents then filed a suit being No. 1705/94, from which this appeal arises. In the suit, the learned Single Judge by a detailed order granted ad interim injunction restraining the appellants from manufacturing, selling, advertising or in any way using the word "WHIRLPOOL" or any other trade mark deceptively or confusingly similar to the trade mark "WHIRLPOOL" in respect of the goods of the appellants but at the same time gave liberty to the appellants to move an application under Order 39 Rule 4, CPC for vacation of the order on the basis of any new material consisting of facts, documents and evidence which they were not able to produce before him. However, the appellants, without following the course suggested by the learned Single Judge, have filed the present appeal.

[***** referred to the arguments of parties and continued.]

We will first deal with the main questions which arise for our *prima facie* determination. They are: (1) Whether the reputation of trade mark "WHIRLPOOL" in respect of washing machines of the respondent has travelled trans-border to India? (2) Whether the respondents, who are not the registered proprietors of trade mark "WHIRLPOOL" in respect of washing machines, can maintain an action for passing off against the

appellants in respect of the use of the same which has been registered in their favour in respect of the same goods?

With regard to these questions, the learned Single Judge held that the first respondent was the prior user of trade mark in the market, the question of geographical reasons apart. On material before him, the learned Single Judge also came to the conclusion that the first respondent positively made out a case of actual sales by it of "WHIRLPOOL" products including washing machines in a number of geographical regions around the world. But insofar as India is concerned, it does not make out a case of actual sales in the markets in India, though it has made limited sales to the US Embassy and US AID offices, New Delhi. The learned Single Judge however, found that the first respondent had advertised its products under the trade mark "WHIRLPOOL" including washing machines in the following international magazines having circulation in India: National Geographic (August 1980, February 1983, May 1985, April 1986 and July 1986); Life (28 June 1968, 18 July 1969, August 1983, September 1983 and May 1985); Fortune (June 1957); Redbook (July 1986); Ladies Home Journal (January 1985, March 1986, April 1986 and July 1986); Woman's Day (7 July 1987); House Beautiful (August 1985); Better Home and Garden (July 1984, April 1986, June 1986 and July 1986); Good Housekeeping (October 1983 and April 1985); Family Circle (21 October 1986); Bon Appetit (November 1983).

The learned Single Judge was further of the opinion that the respondent has acquired trans-border reputation in respect of its products including the washing machines bearing the trade name "WHIRLPOOL" and that reputation has also reached this country.

The learned counsel for the appellants assailed the findings of the learned Single Judge on the ground that the first respondent has not made out any case of actual sale of its product bearing trade mark "WHIRLPOOL" in India and without actual commercial use of the same it cannot be said to have acquired reputation and goodwill. In this view of the matter, it is urged that the goods of the appellants under the trade mark "WHIRLPOOL" is not associated in the minds of the public with the goods of the first respondent.

We have considered the submissions of the learned counsel for the appellants, but we have not been able to persuade ourselves to accept the same.

The knowledge and awareness of a trade mark in respect of the goods of a trader is not necessarily restricted only to the people of the country where such goods are freely available but the knowledge and awareness of the same reaches even the shores of those countries where the goods have not been marketed. When a product is launched and hits the market in one country, the cognizance of the same is also taken by the people in other countries almost at the same time by getting acquainted with

it through advertisements in newspapers, magazines, television, video films, cinema etc., even though there may not be availability of the product in those countries because of import restrictions or other factors. In today's world it cannot be said that a product and the trade mark under which it is sold abroad, does not have a reputation or goodwill in countries where it is not available. The knowledge and awareness of it and its critical evaluation and appraisal travels beyond the confines of the geographical area in which it is sold. This has been made possible by development of communication systems which transmit and disseminate the information as soon as it is sent or beamed from one place to another. Satellite television is a major contributor of the information explosion. Dissemination of knowledge of a trade mark in respect of a product through advertisement in media amounts to use of the trade mark whether or not the advertisement is coupled with the actual existence of the product in the market.

[***** the Court relied on *J.N. Nichols (Vimto) Ltd. v. Rose & Thistle*¹⁵, and *Consolidated Foods Corpn. v. Brandon and Co. (P) Ltd.*¹⁶, on use of trade mark through advertisement and concluded.] Thus advertisement of a trade mark of a foreign trader in respect of a product need not be associated with the actual use of the product in order to establish reputation. [***** the Court also relied on *Pioneer Hi-Bred Corn Co. v. Hy-Line Chicks Pty. Ltd.*¹⁷, *Apple Computer Inc. v. Apple Leasing & Industries*¹⁸, *Vitamins Ltd's Application, re*¹⁹, and *Radio Corpn. Pty Ltd. v. Disney*²⁰, to express the following view.] [*****]

Thus a product and its trade name transcend the physical boundaries of a geographical region and acquire a trans-border or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and the awareness of the goods of a foreign trader and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial. The objection of the appellants based on non-user of the product of the first respondent under the trade mark "WHIRLPOOL" in India therefore, does not appeal to us. Besides, it is not a case where the goods of the first respondent have not been imported in this country. The respondents have asserted that the goods under the trade mark "WHIRLPOOL" were imported in India by the American Embassy and US AID office in New Delhi.

15. 1994 PTC 83 (Cal).

16. AIR 1965 Bom 25.

17. 1979 RPC 410.

18. (1992) 1 ALR 93; 1993 IPLR 63 (Del).

19. 1956 RPC 1; (1956) 1 WLR 1; (1955) 3 All ER 827.

20. (1937) 57 CLR 448.

Affidavit of Lawrence John Kremer dated 5-12-1990, filed by way of evidence in respect of the opposition of the first respondent to the application of the appellants for registration of the trade mark "WHIRLPOOL", states that the mark "WHIRLPOOL" was adopted and used by the first respondent in various countries of the world since July 1941. It has also been stated in the affidavit that: (1) the trade mark "WHIRLPOOL" was registered in favour of the first respondent in several countries and (2) the said trade mark is being used by them in more than 65 countries of the world. The affidavit gives the following details of the sale of its goods under trade mark "WHIRLPOOL" in the various countries of the world excluding the United States of America. (1987—US \$33,231,905; 1988—US \$32,915,220 and 1989—US \$115,473,010)

From the aforesaid facts including the extensive advertisements of the goods of the first respondent and its trade mark "WHIRLPOOL" and the legal position adumbrated hitherto we are, *prima facie*, of the opinion that the trade mark "WHIRLPOOL" has acquired reputation and goodwill in this country and the same has become associated in the minds of the public or potential buyers with the goods of the first respondent. Even advertisement of trade mark without existence of goods in the market is also to be considered as use of the trade mark. It is also not necessary however that the association of the plaintiff's mark with his goods should be known all over the country or to every person in the area where it is known best.²¹ Besides, the facts *prima facie* demonstrate that the first respondent was prior user of the trade mark "WHIRLPOOL" as it was using the same since 1941, while the appellants themselves claim the adoption thereof from 1986. Thus, we see no reason to differ with the finding of the learned Single Judge that the first respondent acquired trans-border reputation in respect of the trade mark "WHIRLPOOL" and has a right to protect the invasion thereof.

[***** discussed the second issue of passing off action against a registered trademark and concluded.]

Having regard to the above discussion, the following position emerges. The courts do not approve of any attempt by one trader to appropriate the mark of another trader, even though that trader may be a foreign trader and mostly uses his mark in respect of the goods available abroad *i.e.* outside the country where the appropriation of the mark has taken place. As mentioned earlier, awareness and knowledge of the mark in the latter country may be because of small trickle of goods in that country or through advertisement. The manner and method by which the knowledge of the mark is acquired by the public is of no consequence and will not matter. Applying this principle and the reasons already stated we have *prima facie* come to the conclusion that the appellants

21. See, *Faulder & Co. Ltd. v. O&G Rushton*, (1903) 20 RPC 477 (CA).

have acquired reputation and goodwill in respect of its goods bearing trade mark "WHIRLPOOL" in this country. Even though the appellants have no connection with the respondents, they are using the mark "WHIRLPOOL" for their products. *Prima facie* it appears to us that buyers are likely to be deceived or confused as to the origin and source of the goods. They will believe that the product is manufactured by the respondents, an impression not founded in truth. The imitation will pass off as genuine. No one can be permitted to trade by deceiving or misleading the purchasers or to unauthorisedly divert to itself the reputation and goodwill of others. Under Section 27(2) an action for passing off against registered user of trade mark is maintainable at the instance of a prior user of the same, similar or identical mark. Since such a remedy is available against the registered user of a trade mark, an interim injunction restraining him to use the mark can also be granted to make the remedy effective.

[***** discussed the issue of laches, delay and acquiescence and concluded.]

Having regard to the above discussion, we see no reason to interfere with the discretionary order passed by the learned Single Judge dated 31-10-1994 granting the restraint order. Accordingly, the appeal is dismissed but without any order as to costs.

POINTS FOR DISCUSSION

1. Critically examine the evidences relied on by the Court to uphold trans-border reputation in this case.
2. How did the Court reach the conclusion that there is a reason for confusion in this case?
3. Critically analyse the legal grounds given by the Court in this case for recognising passing off.
4. Why did the Court take into account the trans-border reputation of a mark when it was not legally bound to do so?
5. Discuss the provisions included in Section 11 of the Trade Marks Act, 1999 to protect well-known marks.

Well-known marks: Use in India

The issue whether a trade mark, though well-known, needed to be protected in India if it is not registered in India and not in actual use in India was examined in the following case. The Court gave a restricted scope to the protection extended to well-known marks. The decision is to the effect that if a mark, though well-known in India through unofficial sources, need not be protected in India unless it is either registered in India or brought to Indian markets through some official sources.

no such company. The respondents' products cause irritation in the skin and sometimes rashes. It has caused confusion and deception amongst the trade and public. The applicant has received several complaints from customers in India who have purchased the respondents' crème bleach assuming it to be original JOLEN crème bleach manufactured by the applicant. The respondents have also copied the applicant's artistic work JOLEN carton in its entirety including the distinctive style. The respondents have also copied the colour scheme, get-up and layout of the applicant's trade mark JOLEN carton and container. The use of an identical trade mark would amount to be infringement of applicant's copyright and to passing off and enable others to pass off the respondents' goods as that of the applicant's goods.

The applicant received complaints regarding JOLEN crème bleach sold by the respondents in May and June 1999. The applicant thereafter caused purchases to be made in the city of Chennai from different shops. Considering the time involved in exchanging correspondence between New York and Chennai, there is no delay or laches in filing the suit. The applicant had made out a *prima facie* case. The applicant's product is sold in India including the shops in the city of Chennai. The balance of convenience is also in favour of the applicant. The respondents have copied, made a slavish imitation on the applicant's trade mark, colour scheme and get-up. The applicant would suffer irreparable loss and injury unless the respondents are restrained by an order of injunction from using the trade mark JOLEN and the imitative JOLEN bluish green container. Hence, the petitions.

[***** discussed the arguments and continued.] Respondents 1 to 3 contended that the suit is liable to be dismissed for want of jurisdiction. None of the defendants resided within the jurisdiction of this Court and entire cause of action arose at Delhi. They have registered the trade mark JOLEN as a proposed mark for the toothpaste and perfumes included in Class 3. The said trade mark has been duly renewed and the same is in force. They have also registered the artistic work JOLEN carton under the Copyright Act claiming first publication in India in 1987. They applied for registration of the trade mark as a "proposed mark" at the same was published in the Trade Marks Journal and commenced sales from the year 1987, and the sales turnover for the years 1987 to 1999 are furnished. On the other hand, the applicant has applied for registration of trade mark JOLEN on 9-1-1990 as a proposed mark and it was published in the Trade Marks Journal and the respondents filed necessary objections. On merits, objection was allowed and the application for registration was refused by the order dated 11-3-1990. Against the said order, the applicant, no doubt, has preferred an appeal before the Delhi High Court and it is pending. Even on the date when they filed the objection, the applicant was fully aware of the existence of the

2) mark of these respondents and its user, but the applicant has not taken any legal action against them and they chose to file the present suit only now with a view to drag them all the way from Delhi and to harass them and compel them to come to terms. They were not aware that the applicant is using the trade mark till August 1995 when it was published in the Trade Marks Journal. In fact, the applicant had not furnished the sales turnover in India. They are aware of the registration made in other countries. Till today the applicant has not marketed its product JOLEN in India. Some of the shops mentioned in the plaint which are situated in Chennai and Bangalore are not selling the applicant's product. In any event, the plaintiff's sale in Chennai is not relevant and it will not confer any jurisdiction on this Court. The sample bills at Chennai are all illegally imported and the plaintiff's goods are not legally imported in this country. The bills produced by the applicant also show that the price of the applicant's JOLEN bleach for various sizes vary from ₹ 210 to ₹ 450 whereas the respondents' price list varies from ₹ 23 to a maximum of ₹ 130. The plaintiffs are manufacturing only bleaching crème which is used for beautifying the face whereas the respondents are manufacturing not only crème for hair removal but also various products like rejuvenating massage crème, all purpose crème, cold crème and other products.

The allegation that Indians who visit abroad will bring with them the perfumes, cosmetics including crème bleach for their personal use and as gifts does not mean that the products of the applicants are freely marketed in India. The plaintiff's carton was not published in India. The respondents had already made an application in Form TM-28 for recording Cosmo International as a Registered User. The company called Laboratoire Nouveau, USA is very much in existence. There is no scope for the respondents to copy the artistic work or the trade mark of the plaintiffs since the plaintiffs have not marketed their product in India. The alleged complaints from the customers in India were got up by the plaintiff only for the purpose of this case. There is no cause of action for the present suit. The plaintiff has not produced even a single document to show that the defendants' goods are sold in Chennai. The respondents have employed around 90 workers and unless the order of injunction is vacated, they will be out of job and their family will be in the streets. In view of the order of interim injunction, the company's product has come to a stand still and the large quantity of the goods purchased will go waste. The balance of convenience is also in favour of these respondents. No prejudice would be caused to the applicants who have no market for their product in India. The injunction already granted is liable to be vacated.

The plaintiff filed a reply statement denying the various averments made in the counter affidavit filed by the respondents. The defendants' cream bearing the trade mark JOLEN is sold in the city of Chennai on a

commercial scale. They have also advertised their JOLEN crème bleach in magazines and newspapers circulated in the city of Chennai. Cause of action in respect of copyright infringement and passing off has arisen at Chennai and as such this Court has got jurisdiction. There is no delay or laches in filing the suit. The defendants cannot claim any statutory protection in the trade mark JOLEN in respect of cream bleach. The defendants also cannot derive any right by virtue of copyright registration. The plaintiff has exclusive copyright in the artistic work and the distinctive script with a distinctive colour scheme and get-up. The registration trade mark JOLEN in the name of Shoban Lal Jain trading as Hindustan Rimmer is obtained by fraud. The plaintiff in other respects have again reiterated the averments made by them relating to the affidavit filed O.A. 553 and 554 of 2000 and, as such, it is unnecessary to reproduce the same.

The points that arise for consideration are: (1) Whether the applicant has got *prima facie* case and the balance of convenience is in their favour? (2) Whether the interim injunction already granted is liable to be vacated? (3) To what relief?

[***** discussed the facts and arguments of the parties and relied on *N.R. Dongre v. Whirlpool Corpn.*²², *Haw Par Bros. International Ltd. v. Tiger Balm Co. (P) Ltd.*²³, and *Caterpillar Inc. v. Jorange*²⁴. The Court observed.]

Hence, this question of law has to be decided on the aforesaid finding which will hold good for the present. This decision is relied upon by the learned Senior Counsel for the plaintiff in order to show that people coming from the foreign countries will bring the product of the plaintiff and they used to present the same as gift to other persons. It is not necessary that the plaintiffs themselves should actually market their product in India, but in the decision cited, it is evidently clear that the goods were available in the country through official and non-official sources. But in the present case, there is no material to show that the goods of the plaintiff have been marketed through official sources. Simply because the goods of the plaintiff were brought to India through smuggling or other non-official sources that cannot be taken note of to give a cause of action to the plaintiff. [***** continued with the discussion of the cases on balance of convenience and concluded.]

Applying the ratio laid down by the Apex Court in *N.R. Dongre v. Whirlpool Corpn.*²⁵ and by this Court in *Tiger Balm case*²⁶ (cited

22. (1996) 5 SCC 714; (1996) 16 PTC 583; *N.R. Dongre v. Whirlpool Corpn.*, AIR 1995 Del 300; (1996) 16 PTC 476 (Del).

23. (1996) 16 PTC 311 (Mad).

24. (1998) 18 PTC 31 (Mad).

25. (1996) 5 SCC 714; (1996) 16 PTC 583.

26. (1996) 16 PTC 311 (Mad).

supra) that in view of the international reputation enjoyed by the plaintiff's trade mark JOLEN, the defendants' use of identical trade mark of JOLEN ought to be restrained by this Court. Even assuming that the plaintiff company is having trans-border reputation relating to the goods in question, their products are not marketed in India through official sources. It is also not the case of the plaintiff that their products are sold in India in duty-free shops. Simply because people visiting foreign countries bring the product of the plaintiff they cannot claim any copyright or cause of action against the defendants who have obtained the registration of the trade mark and also copyright in India. The plaintiff cannot claim any superior right over the defendants who have acquired valid right in accordance with law. By virtue of this injunction, naturally the defendants who are in business since 1987 would be much affected and, as such, the balance of convenience is also in favour of the defendants. Considering the fact of registration of the trade mark as well as the copyright, the defendants are having the *prima facie* case. There is enough material to come to the conclusion that the plaintiffs have not come to court with clean hands and they are not entitled to get the relief of interim injunction. There is inordinate delay on the part of the plaintiff in moving this Court. The fact that the plaintiffs applied for registration on 9-1-1990 as a proposed trade mark in India and the same was rejected is not in dispute. Even then the plaintiff was aware that the defendants are dealing with the same trade mark at least from 1990. As a matter of fact, the plaintiff filed a Suit No. 1398 of 1993 before the Delhi High Court against one Doctor & Company. Similarly the defendants also filed Suit No. 410 of 1993 earlier to that of the plaintiffs against the same Doctor & Company, which is also pending before the Delhi High Court. It is stated that both the suits were listed together from time to time and for the past 7 years, no interim order has been granted in favour of either party. This circumstance has been pointed out by the learned counsel for the defendants that for the last 7 years the plaintiff has not taken any action and if really aggrieved, the plaintiffs who have thought it fit to file a suit against one Doctor & Company, could have filed the suit in the Delhi High Court itself against these defendants. The inaction or silence or laches on the part of the plaintiff is a strong circumstance to be taken into consideration against the plaintiff. The plaintiff having allowed the defendants in carrying on the business under the trade name JOLEN for the last 7 years are *prima facie* guilty of acquiescence and now they cannot take advantage of their own mistake to restrain the respondent from carrying on the business. Under the circumstance, I am of the view that the plaintiff company has miserably failed to establish that they have got *prima facie* case and the balance of convenience is in their favour. On the other hand, the defendants were able to establish that they have got *prima facie* case and the balance of convenience is in

their favour and apart from that, they have established that the plaintiff is *prima facie* guilty of laches and acquiescence. Hence, these points are answered against the plaintiff.

For the reasons stated above, O.A. 553 and 554 of 2000 are dismissed and the interim injunction already granted is vacated. Application No. 2559 is allowed and 2560 of 2000 is closed. Consequently, Application No. 2558 of 2000 is also allowed.

POINTS FOR DISCUSSION

1. Do you think that the decision of the Court is in agreement with the internationally accepted concept of well-known marks?
2. Do the courts have the freedom to resort to such interpretation?
3. What are the conditions based on which a mark is treated as well-known?
4. Discuss the scope of Section 11 of the Trade Marks Act, 1999 in the light of this decision.
5. Critically evaluate the following statement: "Granting any, let alone added, protection for a mark that its owner has not registered in a country within the well-known mark's catchment area is to reward insouciance and lack of due diligence at best, or incompetence at worst" by David Vaver, "Unconventional and Well-Known Trade Marks" (2005) Singapore Journal of Legal Studies 1-19, available at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=952334>.

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GENERAL POINTS FOR DISCUSSION IN THIS CHAPTER

1. Identify the rationale for excluding certain items as subject-matter for protection of intellectual property rights.
2. Identify the coverage of subject-matter under the TRIPS Agreement and examine whether the Indian laws satisfy the TRIPS obligations.
3. Discuss the reasons for the exclusion of artistic work and trade mark from the definition of design under the Designs Act.
4. Compare and contrast the meaning of "micro-organism" in Patents Act with the definition of "variety" under the Protection of Plant Varieties and Farmers' Rights Act, 2001.
5. Discuss the measures adopted in different intellectual property laws to prevent the overlap of subject-matter of protection.
6. Discuss the scope of treating traditional knowledge as a subject-matter for intellectual property protection.
7. Examine whether the Biological Diversity Act, 2002 and Protection of Plant Varieties and Farmers' Rights Act, 2001 consider traditional knowledge associated with genetic resources as subject-matter for intellectual property protection and if so, is that recognition sufficient enough to protect the "intellectual property" involved in traditional knowledge.
8. Discuss the effect of protection extended to well-known marks on the economies of developing countries.

CHAPTER 3

Rights of Owners of Intellectual Property

INTRODUCTION

Intellectual property rights are generally creation of statutes. One of the important features of these laws is their attempt to specifically identify the nature of the rights enjoyed by the owners of different categories of intellectual property. These rights are identified based on the possible mode of commercial exploitation of the subject-matter of protection. The modes of exploitation vary depending upon the subject-matter. Thus it is interesting to note that the nature and content of these rights differ depending upon the nature of the intellectual property. There are interesting set of case laws that attempted to interpret and expand the nature of the rights granted by the statute.

RIGHTS UNDER THE COPYRIGHT LAW

Under the copyright law, owners of copyright have a large variety of rights with respect to the works owned by them. These rights could be broadly classified into economic rights and moral rights. The economic rights are those rights that help the authors to enjoy economic benefits. These rights could be transferred to anyone who has the capability for commercial exploitation. These rights include reproduction rights, distribution rights, communication rights, public performance rights, translation rights, adaptation rights, etc. with respect to literary, dramatic and musical works and also commercial rental or lending rights with respect to computer programs, cinematograph films and sound recordings.¹ Communication rights also include broadcasting and cablecasting rights. With the development of technology, the scope of communication to the public is also expanding with incredulous pace. In addition to

¹ S. 14, Copyright Act, 1957.

the rights of authors, copyright law also protects the performer and the broadcasting organisations.

Economic rights of authors: Right of reproduction

Right of reproduction is the basic right recognised for the author of works. But Section 14 of the Copyright Act used different terminology for recognising this right. The scope of this right also differs. While one can see the term "reproduction" is used in the case of literary, dramatic, musical and artistic work, it is the words "make a copy of the film" and "make any other sound recording" that are the terminology used in case of cinematograph film and sound recording to recognise this right. Use of the terms "including the storing of it in any medium by electronic or other means" in this section makes it clear that this right is available in the digital technology as well. The Copyright (Amendment) Act, 2012 extended digital rights to all forms of works. Since there is no definition for "storing" it is not clear whether temporary storage is also covered. The absence of definition for the words "reproduction" or "copy" resulted in courts finding meaning for these words to give life to this right.

Cinematograph film

STAR INDIA (P) LTD. v. LEO BURNETT (INDIA) (P) LTD.
(2003) 27 PTC 81 (Bom)

JUSTICE F.I. REBELLO

Plaintiffs carry on business of acquiring copyrights in cinematograph films, television serials, programmes, etc., and also produce and commission production of television programmes for various television channels. The programmes so acquired or produced or commissioned, according to the plaintiffs, enjoy tremendous popularity amongst television viewers in India as also abroad. The plaintiffs entered into an agreement dated 9-4-2000 with Balaji Telefilms Pvt. Ltd. (Balaji), in order to create, compose and produce 262 episodes of a television serial entitled "Kyun Ki Saas Bhi Kabhi Bahu Thi".

[**** discussed the terms of copyright and continued.]

The theme of the serial involves a renowned business house known as Virani Group, headed by Dhirubhai Virani. Dhirubhai has three sons, Mansukh, Himmat and Jamnadas and a married daughter Pragnya. The family resides in palace-like bungalow "Shantiniketan" at Juhu. The story revolves around Amba Virani, wife of Dhirubhai Virani, her three daughters-in-law Savita, Daksha and Gayatri and grand-daughter-in-law Tulsi. Savita's eldest son Mihir marries Tulsi, a simple girl from an

ordinary middle class family, against the wish of his mother, who wanted him to marry Payal, daughter of a big businessman. The other members of the family excluding Savita, Daksha and Gayatri are happy with the marriage. They attempted, after marriage, all possible tactics to create a barrier between Mihir and Tulsi to break the marriage. Their plans fail. Soon after marriage, Mihir meets with an accident on a business tour. A dead body resembling Mihir is found at the accident spot. The Virani family believes Mihir to be dead. At the time of Mihir's death, Tulsi gives birth to a son, who is named Gautam. Mihir's death brings drastic changes between Savita and Tulsi. Savita realises that she should treat her widowed daughter-in-law as her daughter and help to bring happiness back into her life. The family decided to get Tulsi remarried. Anupam Kapadia, a business partner of Mihir from England, decides to complete the project which was started with late Mihir. In the course of time Anupam develops liking for Tulsi. The Virani family thinks that Anupam Kapadia will be a suitable match and, accordingly, the said marriage is fixed. The other part of the story which results in a happy ending need not be reiterated. Suffice to say that Mihir is alive. He had lost his memory which comes back and the family is reunited.

The plaintiffs' case is that Balaji for publicising the title of the film has devised the original artistic work depicting, inter alia, the logo and the title in a peculiar stylised font and containing as its essential features the words "Kyun Ki Saas Bhi Kabhi Bahu Thi". The artistic work was prepared and devised by Balaji under an agreement and as such the plaintiffs have become owners of the said artistic work. The serial has commenced broadcasting since July 2000. Before launching the serial, the plaintiffs had carried out publicity campaign in the media by inserting advertisements. The original artistic work and the central characters have been used by the plaintiffs. The serial, it is contended, has acquired immense goodwill and reputation in the minds of the members of public in India so much so that the members of the public associate the said serial with the plaintiffs and the plaintiffs alone. In view of the tremendous popularity and goodwill enjoyed by the serial, the plaintiffs are actively considering using the serial and the characters therein for the purpose of endorsing products and services for a fee. The plaintiffs were, therefore, surprised when some time in the third week of February 2002, they came across a television commercial for a consumer product "Tide Detergent". On inquiries, the plaintiffs came to know that Tide Detergent is marketed by Defendant 2 and was produced by Defendant 1. It was the case of the plaintiffs that the comparison of the plaintiffs' serial with the commercial would show that there is substantial copying. Comparisons are set out in para. 12 of the plaint. It is then contended that the overall impression of any viewer, who sees both the works, would be that the subsequent work of the defendants is a copy of the original work of the

plaintiffs, authorised by the plaintiffs and/or licensed by the plaintiffs. An average person viewing the defendants' commercial would immediately notice the glaring identity similarity between the plaintiffs' serial and the defendants' commercial and such a person would get an impression that the defendants' commercial has been authored by the plaintiffs or has been produced under the permission or licensed by the plaintiffs. Further, an ordinary person would get an impression, that the plaintiffs who are the producers and proprietors of the serial "Kyun Ki Saas Bhi Kabhi Bahu Thi" are wholeheartedly and unreservedly endorsing the product of Defendant 2. An average viewer would, thus, have an unmistakable impression that there is connection in the course of business and/or trade between the plaintiffs in the said serial and the defendants and their commercial.

[**** discussed other arguments and continued.]

Defendant 2 has filed a reply opposing the grant of relief to the plaintiffs through an authorised signatory Shefali Chaddha. It is the case of the Defendant 2 that it belongs to the P&G group of companies which carries on business worldwide as a leading multinational group of companies in the world. The products emanating from P&G group of companies are well known for its superior quality and technical excellence. The group incurs million of dollars per year as and by way of advertisement expenditure. The Tide product of P&G is one of the leading brands in the world and is the number one selling brand. It is widely advertised in different media including TV as part of P&G's advertisement campaign. "Tide" is registered as a trade mark in India since last several years and is also registered in many other countries. Defendant 1, it is contended, is a well known advertising agency and Defendant 2 avails of its services from time to time to create and develop TV advertisement commercials in respect of its various consumer products. In the year 2001, Defendant 2 commissioned Defendant 1 to develop and create a novel TV advertisement commercial in respect of its detergent product Tide. The overall idea, concept and format of the proposed TV commercial was jointly discussed and developed amongst the representatives of Defendant 2 and Defendant 1. Thereafter Ms Kumuda Rao, the creative director of Defendant 1 by her own independent labour and skill created a story board of the Tide TV commercial of Defendant 2, the duration of which was/is to be of about 30 seconds. The story board was made in or around November/December 2001. Reliance is placed on the story board created. The whole theme or concept of the commercial is set out in para. 9 of the reply. One Opticus Films were engaged to produce the film. They engaged the service of the models Muni Jha, Smriti Malhotra and Aparna Mehta. The Tide TV commercial, with specially created and recorded background music, was shot/filmed at Concorde Studios on or about 7-12-2001. The post-production quality editing was done in

Singapore. It is, therefore, submitted that the Tide TV commercial is an independent creation made at the instance of and for and on behalf of Defendant 2 for valuable consideration and independent copyrights therein vest in Defendant 2. Independent labour, skill and effort have been expended in the creation of the Tide TV commercial. The duration of the Tide TV commercial is of about 30 seconds. The commercial is not a reproduction or imitation of the plaintiffs' serial at all and does not infringe any copyright in the serial or any of the plaintiffs' work. The TV commercial, it is contended, is extensively aired on TV channels since January 2002 and Defendant 2 has incurred a huge expenditure. The commercial was submitted for the purpose of airing it on Star TV. It was accepted and as such the plaintiffs/its sister concern has acknowledged that the Tide TV commercial was not objectionable. It is further submitted that there is no copyright in an idea, concept or theme. The defendants have put the plaintiffs to a strict proof insofar as its contention that the programme enjoys tremendous popularity. It is further denied that the alleged artistic work constitutes an original artistic work. The defendants deny and do not admit that the work was commissioned by the plaintiffs and made by Balaji pursuant to the agreement. The title "Kyun Ki Saas Bhi Kabhi Bahu Thi" is a commonly known saying/proverb/creation which has not been devised by the plaintiffs or by Balaji. The manner in which it is written does not constitute an artistic work and the same is not copyrightable. The depiction of overlapping bonds in the logo is the age-old expression of the "saas" handing over the keys to the "bahu". This portrayal is in the public domain and does not constitute an original artistic work. The defendants contended that the burden of proof as to advertisement, expenses incurred and the TRP ratings, it is contended, is on the plaintiffs which has not been discharged.

[**** discussed other arguments and continued.]

From the above pleadings, in considering the grant of reliefs as prayed for by the plaintiffs, it will be necessary to answer the following questions which have arisen: (1) Have the defendants, by making the commercial film, violated and/or infringed the plaintiffs' copyright in the TV serial "Kyun Ki Saas Bhi Kabhi Bahu Thi"? (2) Have the plaintiffs proved that the defendants have infringed the plaintiffs' artistic work at Exhibit "C", to the plaintiff? and (3) Have the plaintiffs proved that the defendants are guilty of passing off their reputation and goodwill in the TV serial, by misrepresenting the connection between the plaintiffs and the defendants and thereby causing damage to the plaintiffs; and thereby defeating the plaintiffs' character/merchandising rights, etc.?

The first question, therefore, that requires consideration is whether the defendants' commercial is a copy of the plaintiffs' TV serial? The case of the plaintiffs has been that as owners of the copyright in the film and considering Section 14(d)(1) of the Copyright Act, the plaintiffs,

as the owners of the copyright in the film, have an exclusive right to make a copy of the film including a photograph of any image forming part thereof. It is contended that unlike the UK and Australia Copyright Acts, the word "copy" is not defined in the Indian Copyright Act and, therefore, recourse must be had to the technical meaning of the word "copy". Reference is placed on the *Oxford English Dictionary* and *Random House Dictionary* of the English Language as to the meaning of the word "copy". It is then contended that the definition of "infringing copy" is contained in Section 2(m)(ii) of the Act. Hence, imitating the film or making another film, which bears likeness or striking resemblance to a copyrighted film, would amount to making a copy of the film and, therefore infringement of the copyright in the film. Assuming that to establish infringement, copying should be of a substantial part of the plaintiffs' film, the test of substantiality must be from the point of view of the infringing work. It is, therefore, the duty of the court to ascertain whether a substantial part of the defendants' work consists of a copy of the plaintiffs' work. Reliance is placed on the judgment of the Apex Court in *R.G. Anand v. Delux Films*². It is then contended that substantiality is not the question of quantity but of quality. The opening sequence common to each episode and also the peculiar and dramatic high point of the plaintiffs' film is copied and the defendants have saved themselves time, labour and expense in developing something original. Reliance has been placed on para. 8.26 of *Copinger and Skone James on Copyright* (13th Edition). Reliance is also placed on judgments.

On the other hand, on behalf of the defendants, it is contended that the plaintiff discloses no cause of action and/or in any event no cause of action has accrued to the plaintiffs to allege any infringement of the copyright in the plaintiffs' cinematographic film. Section 14(d) of the Act, it is contended, specifies only three categories of acts of which the owner of the copyright in a cinematographic film has exclusive right. Comparison is sought to be made within Section 14(e) where only three categories of exclusive right are given to an owner of the copyright in a sound recording. Reliance is placed on Section 2(f) which defines a cinematographic film. It is then contended that in contrast to Section 14(d) and (e) are Section 14(a), (b) and (c), which speak of exclusive rights to the owner of copyright in a literary, dramatic or musical work. These sections, it is contended, give an exclusive right to the owner to reproduce the work in any material form. This is specifically and significantly absent in relation to a cinematographic film and sound recording and the exclusive right, conferred by the latter sections, is to copy the recording of that particular film/sound. The position becomes clear, it is contended, if the definition of infringing copy in relation to literary, dramatic or artistic work is

2. (1978) 4 SCC 118; AIR 1978 SC 1613.

contrasted with the definition of infringing copy in relation to cinematographic film and sound recording. Contrasting the two, in the former an infringing copy is the reproduction of the original copyrighted literary, dramatic, musical or artistic work. In the latter case, infringing copy is a copy of the film made from the copyrighted film or recording embodying the same sound recording from the copyrighted sound recording. The subsequent film/sound recording is not an infringing copy if it is not copied or made from the same earlier recording. The expression "to make a copy of the film", it is submitted, is to make a physical copy from the copyrighted film itself and not a reproduction of the copyrighted film, that is another film which merely resembles the copyrighted film. From the affidavits of Kumuda Rao and Shetty it is clear that the defendants have not copied the film but have "made" a new film. The only contention of the plaintiffs is that the film made/shot by the defendants resembles the plaintiffs' film and, therefore, constitutes reproduction. Reliance is placed on various judgments. The defendants, alternatively, contend that the plaintiffs' film and the defendants' film are different. There is no copying or substantial copying of plaintiffs' work, hence, no question of any copyright infringement can arise. It is also once again alternatively submitted that what is to be compared is the "whole" of the respective works and "not part" and if so compared, there is no copying or substantial copying.

It is, therefore, necessary to deal with the submissions as to whether the commercial film made by the defendants is a copy of the plaintiffs' film. Firstly, let me refer to the meaning of the word "copy" as set out in the *Oxford English Dictionary* which defines the word "copy" as under:

Copy—1. a thing made to imitate or be identical to another, 2(a) single specimen of a publication or issue (ordered twenty copies), 3(a) matter to be printed, (b) material for a newspaper or magazine article (sandals make good copy), (c) the text of an advertisement, 4(a) a model to be copied, (b) a page written after a model (of penmanship) 1. to make a copy of (b) (often foil, by out) transcribe, 2. to make a copy rather than produce something original, esp. clandestinely 3. to (foll. by to) send a copy of (a letter) to a third party, 4. to do the same as; imitate copy-edit edit (copy) for printing.

Similar *Random House Dictionary* of the English Language defines the word "copy" as follows:

Copy—1. an imitation, reproduction, or transcript of an original, 2. written matter or artwork to be reproduced in printed form, 3. text to be read or heard, as distinguished from pictures to be seen in newspapers, magazines, television commercials, etc., 4. one of the various examples or specimens of the same book, engraving, or the like, 5. Brit, informal (in schools) a composition, a written assignment, 6. an archaic something that is to be reproduced, an example or pattern, 7. to make a copy of, transcribe, reproduce,

8. to follow as a pattern or model, 9. to make a copy or copies, 10. to make or do something in imitation of something else.

Section 2(m)(ii) defines "infringing copy" as follows: "2(m) 'infringing copy' means—(ii) in relation to a cinematographic film, a copy of the film made on any medium by any means." Section 14 of the Copyright Act, 1957 for the purpose of the Act defines "copyright" to mean "the exclusive right subject to the provisions of this Act, to do or authorise the doing of any of the following acts in respect of a work or any substantial part thereof, namely: (d) in the case of a cinematograph film: (i) to make a copy of the film, including a photograph of any image forming part thereof; (ii) to sell or give on hire, or offer for sale or hire, any copy of the film, regardless of whether which copy has been sold or given on hire on earlier occasions; (iii) to communicate the film to the public".

It will, therefore, be essential to find out as to the meaning of the word "copy" in the absence of it being defined in the Act. Reference can be made to *Copinger and Skone James on Copyright* (13th Edition) at para. 3.29, some portions of which may be reproduced:

[**** quoted from the book and continued.]

As pointed earlier contrasting Section 15(d) and (e) on the one hand and Section 14(a), (b) and (c) on the other, in the latter case the owner of the copyright has exclusive right to reproduce the work in "any material form". This is absent and excluded insofar as the former case (cinematograph film/sound recording). The exclusive right in the former is to copy the recording of a particular film/sound recording. It is, therefore, clear that production by another person of even the same cinematographic film does not constitute infringement of a copyright in a cinematograph film. It is only when actual copy is made of a film by a process of duplication, i.e. by using mechanical contrivance that it falls under Section 14(d)(i). The expression "to make a copy of the film" would mean to make a physical copy of the film itself and not another film which merely resembles the film.

The making of another film is not included under Section 14(d)(i) and such other film, even though it resembles completely the copyrighted film, does not fall within the expression "to make a copy of the film". Therefore, if the film has been filmed or shot separately by a person and it resembles the earlier film, the subsequent film is not a copy of the first film and, therefore, does not amount to infringement of whole of the copyright of the first film. The position in the case of literary, dramatic or artistic work seems to be different. A narrow copyright protection is accorded to a film/sound recording than for literary, dramatic or artistic work. The reason, perhaps, could be that they have to be original to satisfy the test of copyrightability, whereas the requirement of originality is absent for claiming copyright in cinematograph films/sound recordings.

[**** the Court discussed *Telmak Teleproducts (Aust) (Pty) Ltd. v. Bond International (Pty) Ltd.*³, *Norowzian v. Arks Ltd.*⁴ and *CBS Records Australia Ltd. v. Telmak Teleproducts (Aust) (Pty) Ltd.*⁵ and *Spelling Goldberg Production v. BPC Publishing Ltd.*⁶ and continued.]

Therefore, considering the terminology used in the Act, the facts on record and the cases discussed, it is clear that the defendants made their own film independently. The film of the defendants, therefore, is not a copy and, therefore, would not amount to an infringement of the plaintiffs' copyright in its film considering the language of Section 14(d) of the Copyright Act.

[**** the Court also discussed the issue of character merchandising and passing off. This is included in the chapter on passing off.]

POINTS FOR DISCUSSION

1. What is the meaning of reproduction right under the copyright law with respect to a cinematograph film?
2. Examine the right given to the cinematograph film in Article 14bis of the Berne Convention and discuss whether the interpretation given by the Court to this right based on Section 14 is correct.
3. Discuss the meaning of the word "original work" in Article 14bis of Berne Convention and examine the reason for its absence in Section 13 of the Copyright Act in case of cinematograph film.
4. Do you agree with the reasoning of the Court that the reason for the difference is the absence of requirement of originality in case of cinematograph film?
5. Is reproduction right of cinematograph film different from that in the case of literary, dramatic, musical and artistic works?
6. Assume that there is a remake of the complete film. Is there a violation of reproduction right? If so, reproduction right of which works included in the film are violated?
7. Discuss the implications of protecting temporary storing of works in digital medium.

Artistic work

The reproduction right recognised to the artistic work resulted in conflicting opinions from the court. It is the inclusion of "depiction in three dimensions of a two dimensional work or in two dimensions of a three dimensional work" as part of reproduction right that created problems

3. 66 ALR 118; 5 IPR 203 (Aust Fd 1985).

4. 1996 FSR 394.

5. 72 ALR 270; 9 IPR 440 (Aust Fd 1987).

6. 1981 RPC 283 (CA).

in interpretation in case of artistic work (industrial drawings) that are used in industrial production. These cases also reveal the problems arising out of overlap between copyright and designs.

ESCORTS CONSTRUCTION EQUIPMENT LTD. v. ACTION
CONSTRUCTION EQUIPMENT (P) LTD.
(1999) 19 PTC 36 (Del)

JUSTICE M.S.A. SIDDIQUI

The plaintiffs have filed this suit for permanent injunction restraining infringement of copyright of industrial drawings and passing off damages and for rendition of accounts. Along with the plaint, the plaintiffs have also filed an application under Order 39, Rules 1 and 2 CPC seeking an ad interim injunction to restrain the defendants from manufacturing, marketing or otherwise dealing in Pick-N-Carry Hydraulic Self Mobile Cranes, identical or deceptively similar to those of the plaintiffs.

According to the plaintiffs, in 1971, Plaintiff 2 company, based on 100 per cent know-how, launched its concept and drawings of Pick-N-Carry Hydraulic Self Mobile Cranes and the plaintiffs have been manufacturing and marketing the said cranes since then. The drawings of the crane developed by the plaintiffs were reduced to writing. The employees involved in the making of these industrial drawings and production of the crane were under a contract of secrecy which strictly prohibited them from giving by word of mouth or otherwise, particulars and details of manufacturing process, specification and technical know-how. These industrial drawings, manufacturing process of the crane, name of suppliers of certain parts used in the crane constitute trade secrets of the plaintiffs. By virtue of the provisions of the Copyright Act, the plaintiffs are the exclusive owners of the artistic work consisting of the industrial drawings, shape and get-up of the crane and they have also the exclusive right to reproduce or depict in three dimensions, the drawings of the said crane. In addition to the industrial drawing of the entire crane plaintiffs also claimed copyright in the following key components: (i) the boom and slider assembly, (ii) the lower structure assembly, (iii) the main frame-axle assembly, (iv) the differential housing, (v) the pump coupling, (vi) the pulley block assembly, (vii) gear box housing, (viii) the wheel reduction gear, (ix) the differential, (x) the clutch assembly.

According to the plaintiffs, Defendant 2 remained under the employment of Plaintiff 2 for the period from 6-12-1982 to 16-5-1992. He worked as an Assistant Production and Production Manager for approximately six years and was exposed to the entire production line of the said crane. He also worked as the Purchase Manager for two years and was responsible for procurement of material from suppliers for these cranes. Being at

such key position, Defendant 2 had not only easy access to the industrial drawings of the said crane and its component parts but he also became familiar with the entire process and documents relating to its manufacture and marketing. These jobs were entrusted to Defendant 2 under express condition of strict confidentiality. In 1992, Defendant 2 left the employment of Plaintiff 2. Suddenly in 1995, the plaintiffs discovered that the defendant wrongfully introduced into the market Pick-N-Carry Hydraulic Self Mobile Cranes, which is a slavish copy of the plaintiffs' crane. It is alleged that the crane produced by the defendants is entirely based on the industrial drawings of the plaintiffs, in which they have copyright. It is further alleged that Defendant 2 has not only committed breach of the confidence reposed in him but he pirated the industrial drawings with a view to take advantage of the designs of the plaintiffs' crane in the market and have made use of the goodwill and reputation of the plaintiffs, and that the defendants are passing off their cranes as plaintiffs and thus earned undue profits to which they were not entitled, and therefore, they are liable to render accounts and pay to the plaintiffs the profits earned by them on sale of these cranes.

The defendants rested the suit and the application under Order 39, Rules 1 and 2 CPC on various grounds. According to the defendants, the plaintiffs are the pirators and not proprietors of the industrial drawings of the Pick-N-Carry Hydraulic Self Mobile Cranes. The plaintiffs' industrial drawings are neither new nor original and more than 30 Indian and foreign companies had been manufacturing and marketing these Mobile Cranes in the same and similar forms, design, shape or configuration prior to 1971. It is alleged that the industrial drawings of the plaintiffs do not contain any characteristics over and above the fundamental form or shape of a Hydraulic self mobile crane. Even so, there is no similarity or resemblance between the cranes manufactured and marketed by the plaintiffs and the defendants. There can thus be no question of deception nor could there be any piracy when the broad and essential features of the two cranes are entirely different. It is also alleged that the cranes are manufactured and marketed by the plaintiffs on the basis of the technical know-how and specifications provided by the Hamilton, which is a common and universal design. The plaintiffs were also manufacturing cranes with 15 tons lifting capacity, which is a copy of Linmach Company of Australia. It is alleged that the crane manufactured by the defendants is different from that of the plaintiffs in respect of substantial features. It is further alleged that the colour scheme, get-up, lay-out and shape of the crane are not the subject-matter of the copyright. Since the plaintiffs have failed to obtain any patent pertaining to their cranes, the present suit has been filed to harass the defendants by seeking a remedy which is otherwise not available to the plaintiffs under the law. Alternatively, it is pleaded that there is no copyright in the alleged drawings of the plaintiffs

and even if such copyright were to exist, the plaintiffs have lost such copyright on account of the fact that more than 3000 reproductions of the crane have been made from such drawings. It is also alleged that prior to the present suit, Plaintiff 1 had filed the Civil Suit No. 382/97 against the defendants in the High Court of Calcutta, which was dismissed as withdrawn. Thereafter they filed the Civil Suit No. 73 of 1997 against the defendants before the Sub-Judge, Jamshedpur, Bihar and this is the third suit which the plaintiffs have instituted against the defendants. Thus, the plaintiffs have abused the process of the Court by instituting these suits and so they are not entitled to any relief against the defendants.

[**** the Court discussed the scope of Section 10 CPC, application of the principles of trade secret in this case and discussed the copyright issues, arguments of parties and continued.]

It is undisputed that the plaintiffs had also instituted a suit against the defendants in the Calcutta High Court, which was subsequently dismissed as withdrawn. Learned counsel for the defendants submitted that in that suit it was averred in the plaint that the plaintiffs are registered owners of the design of the crane in question but, for reasons best known to the plaintiffs, this plea has now been abandoned by the plaintiffs. It is clarified in para. 9 of the replication filed by the plaintiffs that it was inadvertently mentioned in the plaint before the Calcutta High Court that the plaintiffs' design was registered and this fact was clarified in the plaint before the Division Bench of the said Court. At this juncture, learned counsel for the defendants contended that the plaintiffs are neither originator nor author of the alleged industrial drawings. The drawings could have been registered under the Designs Act but they were not so registered. Consequently, the plaintiffs are not entitled to any statutory protection in respect of the alleged drawings. Learned counsel for the plaintiffs submitted that the plaintiffs' case is not based upon the Designs Act, 1911 but their specific case is that they are owners of artistic work, consisting of the industrial drawings, shape and get-up of the crane in question, and none of the works in which they are claiming their rights are capable of being registered under the Designs Act.

[**** discussed the provisions of Designs Act and continued.]

The tenor of the plaint shows that in addition to the drawings of depicting the entire crane, the plaintiffs also claimed copyright in the following key components of the cranes: (i) the boom and slider assembly; (ii) the lower structure assembly; (iii) the main frame-axle assembly; (iv) the differential housing; (v) the pump coupling; (vi) the pulley block assembly; (vii) gear box housing; (viii) the wheel reduction gear; (ix) the differential; (x) the clutch assembly.

The aforesaid parts of the crane are made in a particular shape so as to interrelate with others mechanically. These parts of the crane are not made to appeal to the eye but solely to make the crane work or function.

Most of the key components or parts, unseen in the crane for which they were required, had only to pass the test of being able to perform their function. They would be judged by performance and not by appearance. Consequently, the aforesaid key components or parts are incapable of being registered as designs under the Designs Act, 1911. Therefore, the decision in *Samsonite Corpn. v. Vijay Sales*⁷, cited by the learned counsel for the defendants does not govern a case like in hand.

As stated earlier, the plaintiffs' main contention is that the crane manufactured by the defendants is a substantial reproduction in three dimensional forms of the drawings of the plaintiffs' crane in which they have copyright. Needless to say that the industrial drawings are produced by skilled draughtsmen. Some of the drawings incorporate standard parts such as an engine or a gearbox in common use, but even in those drawings there are ample knowledge, labour, judgment and skill. The drawings used in the design of the crane were reproduction of the original artistic work. Those copies of the drawings were, in turn, used to manufacture the parts of the crane. Those parts manufactured are again reproductions of the original artistic works. A reproduction of an artistic work includes a version produced by converting the work into three dimensional form. Such drawings are capable of being infringed by copyright of a three dimensional article.

[**** discussed the implication of Para No. 23 of the plaint and continued.]

It is worth mentioning that the plaintiffs have *prima facie* established the existence of a confidential relationship between Plaintiff 2 and Defendant 2 by reason of the latter's employment there. Plaintiffs have strongly relied upon the undisputed access that Defendant 2 had to their drawings etc. and also to the production unit of the crane in question. Admittedly, Defendant 2 left the job in 1992 and introduced the Pick-N-Carry Mobile Crane to the market in 1995. It is stated in para. 10 of the written statement:

The cranes being manufactured by the Defendants are based upon prior and earlier knowledge prior to the date when the Plaintiffs claim to have manufactured their cranes. The said knowledge was and continued to be available in books, studies, magazines as well as on the basis of the Defendant No. 2's own personal experience.

Bearing in mind the averments contained in para. 10 of the written statement, the past confidential relationship between Plaintiff 2 and Defendant 2, Defendant 2's undisputed access to the plaintiffs' drawings and the rapidity with which the defendants have produced the crane in question, the plaintiffs' contention that the defendants have copied their industrial drawings, does not appear to be frivolous or vexatious. Thus,

7. (1998) 18 PTC 372: (1998) 4 AD 129 (Del).

the present suit involves serious questions to be tried and particularly relating to the plea of infringement of copyright of the industrial drawings owned by the plaintiffs. Viewing these circumstances, the inference is inescapable that the plaintiffs have established a *prima facie* case of infringement of copyright and passing off to which the defendants have to answer. There is yet another staggering circumstance against the defendants. Admittedly, the plaintiffs have also instituted the Civil Suit No. 73 of 1997 against the defendants at Jamsheedpur (Bihar) and in that suit an ad interim injunction was granted against the defendants. The defendants unsuccessfully challenged the said injunction order before the High Court of Patna. Copy of the order dated 27-2-1998 passed by the High Court of Patna is at page 1 of part III of the paper book. The said order shows that the order of the trial court was upheld on the basis of an undertaking furnished by Defendant 2. Plaintiffs have filed a copy of the said undertaking, (page 455 of part III of the paper book). [**** quoted para. 3 of the said undertaking and continued.]

On a careful perusal of the said undertaking it appears that there is an implied admission on behalf of Defendant 2 that certain accessories of the plaintiffs' crane have become distinctive of their goods to the extent that the trading public associates their goods exclusively with the given design or get-up. Although no final opinion can be expressed at this stage on the merits of the plaintiffs' case of infringement of their copyright and passing off which the defendants will have to meet at the trial.

[**** the Court discussed the issue of balance of convenience and concluded.]

For the foregoing reasons, the application under Order 39, Rules 1 and 2 CPC is allowed and the defendants are hereby restrained from manufacturing, selling or offering for sale of the Pick-N-Carry Mobile Cranes that are substantial imitation or reproduction of the industrial drawings of the plaintiffs or from using in any other manner whatsoever the technical know-how, specifications or drawings of the plaintiffs till disposal of the suit. Before I part with this order, I would like to make it clear that any observation made herein shall not be construed as expression of opinion on merits of the controversy between the parties and nothing stated herein shall affect the rights of the parties that are being agitated in the suit. Application allowed.

POINTS FOR DISCUSSION

1. Discuss the scope of the new right given to the authors of artistic work under Section 14? Is it intended to cover articles of industrial production?
2. Is it possible that a functional design which could not be registered under the Designs Act could claim copyright protection? If so, what

are its implications? Does it affect public interest by blocking the use of the function (which is the exclusive domain of patent law) for a longer period than envisaged by the patent law?

3. Find out the corresponding law in England.
4. Examine the safeguards provided under both the Designs Act and the Copyright Act to avoid extending monopoly over functional designs? Do you think that those safeguards are sufficient enough?
5. Discuss the implication of Section 52(1)(iv) introduced by the Copyright (Amendment) Act, 2012. Do you think that this is adequate to solve the problem created by this case?
6. Do you think that extending copyright protection to industrial designs will give them more protection than that is being offered by the Designs Act and thus defeat the purpose of law?
7. Don't you think that the decision of the court goes against the established principles of intellectual property law that something, which is already in public domain, should not be made subject-matter of monopoly rights?
8. Can we say that the idea/expression dichotomy under the copyright law could act as a sufficient safeguard in the case of functional designs?
9. Read the following observation of the Delhi High Court in *Microfibres Inc. v. Girdhar & Co.*, (2006) 128 DLT 238; (2006) 32 PTC 157 and discuss its application in this case:

In order for the work of the plaintiff to qualify as an 'artistic work', it must fall within the definition of sub-section (c) of Section 2 of the Copyright Act. A reading of the said provision would show that attempt of the plaintiff can only be to bring it within the concept of 'painting'. The comparison with the painting of M.F. Hussain would be otiose as the work in question, in the present case, is not a piece of art by itself in the form of painting. There is no doubt that labour has been put and there is some innovativeness applied to put a particular configuration in place. Such configuration is of the motifs and designs which, by themselves, would not be original. The originality is being claimed on the basis of the arrangement made. What cannot be lost sight of is the very object with which arrangements or works had been made. The object is to put them into industrial use. An industrial process has to be done to apply the work or configuration to the textile. It is not something which has to be framed and put on the wall or would have any utility by itself. The two important aspects are the object with which it is made (which is industrial) and its inability to stand by itself as a piece of art. In fact, it has no independent existence of itself.... [at p. 186]

REFERENCE

1. *J.C. Bamford Excavators Ltd. v. Action Construction Equipment Ltd.*, (2006) 33 PTC 161 (Del).

2. Pravin Anand, "India's Experience of Industrial Designs—Legal and Economic Aspects" (1990) 12 EIPR 459.

Right of communication to public

This is one of the rights that attracted periodic legislative attentions addressing the technological changes. The Copyright (Amendment) Act, 2012 introduced a modified definition of "communication to public" with a view to comprehensively address the communication of works through internet. It is interesting to note that the definition still uses the words "by any means of display or diffusion" rather than "transmission". This raises doubts whether this definition covers live transmission of works (streaming) through computer networks. One of the important elements of the right of communication to public is the notion of public. The introduction of new technology and the new possible ways of exploitation of the works resulted in court litigation to find out the scope of this right. The issue involved in the following case was whether causing a video film to be shown over a cable TV network by a person having no video copyright over such film amounted to broadcasting, resulting in the infringement of copyright over the film. In other words, the question precisely was, whether the showing of a film over a cable TV network amounted to communicating the film to the public. The Court elaborately discussed the meaning of the word "public" and held that this amounted to communicating the film to the public having in view the nature of the audience of the cable TV network.

GARWARE PLASTICS AND POLYESTER LTD. v. TELELINK

AIR 1989 Bom 331; (1989) 91 Bom LR 139

JUSTICE MRS SUJATA MANOHAR

The plaintiffs in Suit No. 87 of 1989 claim to be the assignees of a copyright in relation to Cinematograph Films listed in the plaint to be shown on TV screen by means of video cassettes, discs and/or tapes of such films. This is popularly known as "Video Copyright". The suit is filed by the plaintiffs in a representative capacity on behalf of persons who hold an assignment of video copyrights in respect of cinematograph films.

The plaintiffs in Suit No. 151 of 1989 are the producers of cinematograph films, who have retained with themselves the video copyrights in respect of such films. Some of these producers have granted the right of telecasting their films to the Government of India or Doordarshan but have retained with themselves the right to telecast films, inter alia, by cable TV.

These two suits have been filed against various persons who obtained video cassettes of cinematograph films from the market and showed video films over a cable TV network which they have set up in various houses, apartments or localities for a fee which they call "maintenance charges". Any person whose TV set is connected to such a cable TV network can, by payment of certain charges, have the benefit of viewing on his home TV set video films shown by the defendants on their cable TV network. According to the plaintiffs in both these suits, by showing films over the cable TV network the defendants have committed breach of their copyright. The present Notices of Motion have been taken out by the plaintiffs to restrain the defendants from communicating by way of exhibition or broadcasting over TV either by wire or by wireless diffusion by means of cable TV network or dish antenna, any film in which they do not possess video copyrights.

[**** discussed the provisions of the Copyright Act and continued.]

Under Section 14, sub-section (1) clause (c), "copyright in a cinematograph film" means the exclusive right to do or authorise the doing of any of the following acts, namely: (i) to make a copy of the film; (ii) to cause the film, insofar as it consists of visual images, to be seen in public and, insofar as it consists of sounds, to be heard in public; (iii) to make any record embodying the recording in any part of the sound track associated with the film by utilising such sound track; (iv) to communicate the film by broadcast.

[**** referred to definition of broadcast and continued.]

There is no dispute that the defendants are showing cinematographic films over cable TV network. The only question is whether this amounts to a broadcast, *i.e.* whether this amounts to a communication of the film to the public or not. Whether a communication is to the public or whether it is a private communication depends essentially on the persons receiving the communication. If they can be characterised as the public or a portion of the public, the communication is to the public. This test has been applied in a number of cases decided by the English Courts under the English Copyright Act, 1911. The language of the English Act, 1911 is somewhat different from the language of our Act. Hence decisions under that Act have to be applied with some caution.

[Referred to the sections in the English Act and *Harms (Inc.) Ltd. and Chappell & Co. Ltd. v. Martans Club Ltd.*⁸, *Messenger v. British Broadcasting Co.*⁹, *Jennings v. Stephens*¹⁰, *Performing Right Society Ltd. v. Hawthorns Hotel (Bournemouth) Ltd.*¹¹ and *Turner (Ernest)*

8. (1927) 1 Ch 526; 1926 All ER Rep 213.

9. (1928) 1 KB 660 (CA); *Messenger v. British Broadcasting Co.*, 1929 AC 151; 1928 All ER Rep 272 (HL).

10. 1936 Ch 469; (1936) 1 All ER 409 (CA).

11. 1933 Ch 855; 1933 All ER Rep 268.

*Electrical Instruments Ltd. v. Performing Right Society Ltd.*¹² and continued.]

There are some cases where the English Courts have laid emphasis on the nature of the place where the performance took place. For example, in *Performing Right Society Ltd. v. Hammond's Bradford Brewery Co. Ltd.*¹³, the plaintiffs had, inter alia, granted a licence to the British Broadcasting Corporation to broadcast their works for domestic and private use only. The defendant company, who owned a hotel, used a receiving set and loudspeakers to reproduce the broadcast by the British Broadcasting Corporation for customers in their hotel by the hotel owners. This was considered as a performance in public. It should be noted that the BBC did not infringe the copyright by broadcasting. The owner of the hotel, however, was held to have infringed the copyright by receiving the broadcast and relaying it over loudspeakers to his customers.

Similarly, in the case of *Performing Right Society Ltd. v. Camelo*¹⁴, the music which was broadcast over the radio was played through a loudspeaker in a private room adjoining a public restaurant in such a manner that the music was clearly audible to the public in the restaurant. This arrangement was made by the owner of the restaurant. By so doing, the owner of the restaurant was held to have arranged for the music to be performed in public. He, thereby, infringed the copyright of the owner.

[**** discussed the application of this case and continued.]

The defendants in the present case do not have any authorisation from the owners of the copyright in cinematograph films to broadcast their films. Their sole defence is that showing films to the members of their video network, who pay them for watching these films, is not a broadcast because it does not amount to showing the film to the public or a section of the public.

From the authorities the principal criteria which emerge for determining the issue are: (1) the character of audience and whether it can be described as a private or domestic audience consisting of family members or members of the household, (2) whether the audience in relation to the owner of the copyright can be so considered, and (3) whether permitting such performance would in any way whittle down the protection given to the author of a copyright under the Copyright Act resulting in the owner being deprived of monetary gains out of his intellectual property.

Applying the test of the character of the audience watching these video films, can this audience be called a section of the public or is this audience a private or domestic audience of the defendants? In the present case, it cannot be said that the audience which watches video films shown by the defendants consists of family members and guests of the defendants. The

12. 1943 Ch 167; (1943) 1 All ER 413 (CA).

13. (1934) 1 Ch 121; (1933) 150 LT 119.

14. (1936) 3 All ER 557.

video film may be watched by a large section of the public in the privacy of their homes. But this does not make it a private communication so as to take it out of the definition of "broadcast" under the Copyright Act, 1957. A broadcast is heard in millions of private homes. It is nevertheless a broadcast to the public. For example, if the President of India gives a Republic Day address over Doordarshan, it may be received by millions of viewers over their TV sets in their homes. But this does not make it a private communication. It is very much a communication to the public. The President is not making a private broadcast to each viewer or listener. The audience may be sitting in the privacy of their homes. But this makes no difference to the character of the audience. As Justice McCardie put it in *Messenger v. British Broadcasting Co.*¹⁵, instead of gathering the audience in a theatre, the defendants, by modern technology, are showing the film to that audience in their homes. To hold that this is not communication to the public would be to ignore the substance of the manner and the object and intent of the Copyright Act.

The viewers of a cable TV network or those who receive such broadcast through a dish antenna to which their television sets are connected, are either residents of apartments in a building which has such a network or they may be residents of a locality which is covered by this facility. A number of houses—both private homes and public places—may avail of this facility. It is true that the network operates through the connection of a cable to all these various apartments or houses. But this cannot, in any way, affect the character of the audience. The viewers are not members of one family or their guests. They do not have even the homogeneity of a club membership. And even club members have been held to be members of the public. The viewers are residents in different apartments or houses who are in no way connected with each other except by cable. It may be that in some of the homes members of the household will watch the film together. But this does not mean that the entire audience taken together are members of a common household or are family members. They can only be viewed as a portion of public.

This becomes apparent if one applies the second test, namely, the nature of the relationship between the owner of the copyright and the audience. The viewers cannot be considered as domestic viewers of the owner of the copyright, i.e. the plaintiffs. They must be considered as members of the public.

The last test which has been applied in such cases is the test of ascertaining the character of the audience in view of the purpose of the Copyright Act. The Copyright Act is meant to protect the owner of the copyright against unauthorised performances of his work, thereby entitling him to

15. (1928) 1 KB 660 (CA); *Messenger v. British Broadcasting Co.*, 1929 AC 151; 1928 All ER Rep 272 (HL).

earn monetary gain from his intellectual property. The audience which watches such video films would have otherwise paid for watching the film. In fact, the audience does pay the defendants for watching the film. The author of the copyright is, therefore, directly affected as he is deprived of earnings from his intellectual property. What is more, an audience which pays for watching the film cannot be considered as a domestic audience of the person broadcasting the film.

Thus, applying all the three criteria or in any view of the matter, the defendants, by showing the films over a video TV network, are broadcasting the film or communicating it to a section of the public.

[***** the Court discussed the issue of balance of convenience and concluded.]

There will, therefore, be an interim order restraining the defendants, their servants and agents from communicating or exhibiting or broadcasting by means of what is commonly known as cable TV or dish antenna such cinematograph films in respect of which the plaintiffs are the owners and/or assignees of copyright, without obtaining an assignment of the same from such owners or assignees or a licensee under the Copyright Act, 1957.

Motions are made absolute accordingly. Costs to be costs in the cause. On the application of the defendants, operation of this order is stayed till 20-2-1989. Defendants to give to the plaintiffs 48 hours' notice in case they move the Appeal Court. Order accordingly.

POINTS FOR DISCUSSION

1. Find out the difference between "broadcasting" and "communication to the public".
2. Examine the changes brought in to the law in this respect by the 1994 and 2012 Amendments to the Copyright Act.
3. Do you think that the test laid down in this case, to find out whether the viewer is a public, is applicable in case of communication through internet?

New technology and right of communication to public

The scope of the right of communication to public in the context of the development of video and new form of broadcasting through cable was the subject of discussion in a number of cases. The Court expanded the rights to accommodate different modes of communication through the advance technology on broadcasting.

VIDEO MASTER v. NISHI PRODUCTIONS

(1998) 18 PTC 117: 1997 Arb LR 47 (Bom)

JUSTICE A.Y. SAKHARE

By this motion, plaintiffs are praying for various reliefs in respect of cinematography film "Bees Saal Baad". Plaintiffs have filed this suit for a declaration that Plaintiff 1 has sole and exclusive video copyrights in respect of aforesaid cinematograph film for a period of 10 years from 27-1-1989, Plaintiff 1 alone is entitled to make video cassettes, discs, tapes, grams or any other video format of the said film. Plaintiff 1 alone is entitled to exhibit, exploit, broadcast, cause to be broadcast, exhibited, and exploit the said film by use of video format and to sell or give on hire, etc. video cassettes of the said film. Plaintiffs have also claimed that assignment of satellite TV broadcasting rights in favour of Defendant 3 or Defendant 4 by Defendant 1, be declared as violative and infringing the sole and exclusive video copyright assigned in favour of Plaintiff 1 under the agreement. Other consequential reliefs are also prayed for by plaintiffs.

As per plaintiffs, Plaintiff 1 is partnership concern and Plaintiff 2 is proprietary concern, both carrying on business of manufacturing and/or as dealers of video cassettes and exhibiting video cassettes commercially and/or for home viewing. Defendant 1 is proprietorship firm carrying on business of production of cinematography. Defendant 2 is company incorporated in India carrying on business of making video cassettes and/or broadcasting films. As per plaintiffs, Defendant 3 is company, which enters into an agreement in India with various producers on behalf of Defendant 4. Defendant 3 acts as agent of Defendant 4 for procuring and acquiring rights from various producers for the purpose of broadcasting and/or causing to broadcast films in India. Defendant 4 is company incorporated under the Laws of Hong Kong, which has its office in Hong Kong.

As per plaintiffs, video copyrights in respect of cinematography film "Bees Saal Baad" vest solely and exclusively with Plaintiff 1 by agreement dated 15-12-1988 entered into between Defendant 1 and Defendant 2. Defendant 1 being producer of the film and owner of all copyrights therein assigned in favour of Plaintiff 2, the sole and exclusive video copyrights in respect of the said film, which rights include right to exhibit, distribute, sell, offer for sale, lease, let on hire or licence or otherwise exploit or to make copies or deal with the video cassettes/videograms/discs/tapes and cable TV rights. Agreement between Defendant 1 and Plaintiff 2 is annexed at Ex. "A" to the plaint. Plaintiffs claim that in pursuance of the agreement, Plaintiff 2 has become sole and exclusive owner of video copyrights of the said film and alone became entitled to make videograms, discs, tapes, video cassettes etc., of the said film

in India and also entitled to exhibit and/or broadcast the said film in India by use of video format in any manner including over cable TV or otherwise. As per plaintiffs, Plaintiff 2, by agreement dated 24-1-1989, assigned all rights in respect of the said film to Plaintiff 1. Plaintiffs have claimed that Defendant 3 enters into agreement with various producers in India and purports to take assignment in its favour of purported satellite broadcasting TV rights to respect cinematography. Defendant 3 also takes assignment in its favour of cable TV rights and pays TV rights. A draft agreement, which Defendant 3 enters into with various producers is annexed to the plaint at Ex. "C" and is not in dispute. As per plaintiffs, after the agreement is entered into between Defendant 3 and producers, print-copies of the said cinematography are given to Defendant 3. Defendant 3 in turn authorises Defendant 2 to make copies of the said film on Betachem cassettes, for use for satellite TV transmission. Plaintiffs have claimed that Betachem cassette is video cassette. Plaintiffs have further averred that Defendant 4 has leased one of the transponders of a satellite, namely, Asiasat-1 satellite. A transponder on satellite is a channel and it is part of the satellite, which receives signal from Earth at one point and relays back the said signal covering a major portion of the Earth. Defendant 4 is operating a channel known as "Zee TV" for broadcasting Hindi films/programmes for the Asia region. The signals of Zee TV are broadcast from the transponder of the satellite Asiasat-1 and are received in the countries of South East Asia, India, Sri Lanka, Nepal, Bangladesh, Pakistan, Gulf countries, etc. This area is known as feet prints. As per plaintiffs, Defendant 4 procures Betachem video cassettes through Defendants 2 and 3, transmits film from Hong Kong to the said Asiasat-1 satellite by use of Betachem cassette-video format. As per plaintiffs, Defendants 2, 3 and 4 in transmitting the said film through Asiasat-1 satellite by use of Betachem cassette-video format are causing infringement of plaintiffs' rights in the said film.

Defendants 1 and 4 are absent though duly served. Defendants 2 and 3 have filed their affidavit in reply. These defendants have denied that they have infringed the alleged sole and exclusive video rights of film "Bees Saal Baad" on the reasons as alleged by plaintiffs. As per these defendants, Defendant 1 has assigned satellite-broadcasting rights in favour of M/s Pan India Paryaton Ltd. who, in turn, has assigned the said rights to Defendant 2. As per these defendants, Defendant 4 broadcasts various programmes through satellite from Hong Kong. It is open for a person in India and various other countries to catch the signals beamed by Defendant 4 through satellite. These defendants have denied that they are acting as agents for Defendant 4. These defendants on merit have contended that these defendants, by act of telecast of the said film through satellite broadcasting, have not infringed plaintiffs' alleged rights. As per these defendants, copyrights in respect of cinematography

comprise of distinct classes/species of rights, all separately divisible and which can exist in different persons (owners) at the same time. As per these defendants, different classes/species of copyrights are there, namely, theatrical rights, terrestrial television broadcasting rights, satellite broadcasting rights, cable TV rights and video rights. The first four classes/species of rights fall within the class of "communication to the public" and under the video rights, holder of the said rights is entitled to make/sell/distribute copies of the film but he has no right to communicate the said film to the public. As per these defendants as per the terms of agreement between Plaintiff 2 and Defendant 1 plaintiffs hold only video rights, *i.e.* rights to sell/make/distribute copies of the film. The plaintiffs are holders of video rights and they do not have right of broadcasting the film to the public. As per these defendants, plaintiffs have also recognised video rights, cable TV rights and satellite rights as distinct and separate and that satellite rights are not conferred upon plaintiffs. As per these defendants, there are distinct modes of communication to the public such as (i) theatrical, (ii) terrestrial television broadcasting (Doordarshan rights), (iii) satellite broadcasting and (iv) video TV. As per these defendants, all these are independent modes of communication, which exist separately in harmony. As per these defendants, even though plaintiffs have some rights, these rights are restricted to particular mode of communication, *i.e.* by video cassettes for home TV only. These defendants have stated that cable TV rights are distinct from satellite broadcasting rights. As per these defendants, by broadcasting over satellite, defendants have not committed infringement of plaintiffs' rights. By placing reliance upon Section 52 of the Copyright Act, 1957 (hereinafter referred to as the "Act" for sake of brevity), defendants also disputed plaintiffs' contention that by using Betachem cassettes for satellite broadcasting, defendants have infringed plaintiffs' video rights. As per these defendants, for purposes of satellite broadcasting, Betachem cassette is prepared and preparation of the said cassette does not infringe plaintiffs' video rights. On these averments, defendants have claimed that plaintiffs have no rights over satellite broadcasting and by causing satellite broadcasting defendants have not committed infringement of plaintiffs' alleged rights.

Before dealing with the submissions advanced it is necessary to note the relevant provisions of the Act. Section 2(d) defines "author" in relation to cinematography film, Section 2(dd) defines "broadcast", Section 2(f) defines "cinematograph film", Section 2(ff) defines "communication to the public", Section 2(m)(ii) defines "infringement to cinematograph film", Section 2(y) defines "work" in copyrights. Section 13 provides for work in which copyright exists. Section 14(d) provides for meaning of copyright in case of cinematograph film. Section 15 provides

infringement of copyright. As per Section 52 certain acts are not to be treated as infringement of copyright. The aforesaid provisions of Act read as under:

[**** extracted these sections and continued.]

The agreement between Defendant 1 and Plaintiff 2 dated 15-12-1988 is annexed at Ex. "A", p. 45 of the plaint. Some of the relevant clauses of the said agreement read as under:

AND WHEREAS the Assignors have approached the Assignees to take the Assignment of the Video Copyrights for transferring, processing, recording, duplicating, copying, taping on to Videograms, Cassettes, Discs, Tapes of the SAID FILM for the territories mentioned in Schedule 'B' hereto and hereinafter referred to as 'THE SAID CONTRACTED TERRITORIES' which the Assignees have agreed to do on the terms and conditions hereinafter appearing.

On the aforesaid representations and declarations and believing the same to be true, the Assignees hereby accept the Assignment of the Video Copyrights as mentioned hereinabove in their favour and the Assignors hereby assign in favour of the Assignee the Video Copyrights of the said contracted territories of the SAID FILM.

The Assignees shall have full, complete and unrestricted right to alter, delete or cut any portion or add any portion of other film(s) or documentaries, advertisements or sound, in the said film either before or after or intervening, including the right to make the Videograms, Discs, Cassettes, Tapes in respect of songs, dialogues, scenes, extracts and/or communications thereof of the said film. In short, the Assignees shall have unrestricted rights to use the said film for Videograms, Cassettes, Discs, Tapes for any purpose in any manner whatsoever.

As per this agreement, Defendant 1 producer has assigned video copyrights to Plaintiff 2 for home video viewing only. Rights assigned to Plaintiff 2 are right to make videograms, discs, cassettes, tapes etc. in respect of songs, dialogues, scenes, extracts and/or communication of the films to home video viewers. The rights assigned to Plaintiff 2 include right to reproduce the film including sound track thereof for videograms, cassettes, discs, tapes and to distribute them for exhibition on video by playback equipment and cable TV rights. Thus, rights assigned to Plaintiff 2 are right to make videograms, cassettes discs, tapes in respect of songs, dialogues, scenes, extracts and/or communication thereof. By reading the said agreement, it is clear that satellite-broadcasting rights are not assigned to plaintiffs by Defendant 1.

Section 2(ff) provides for communication to public in any manner including communication through satellite. It is regardless as to whether any member of public sees or hears or otherwise enjoys the same or not. As per Section 14(d)(iii), copyrights exist in communication of the film to the public. As stated hereinabove, plaintiffs have with them copyrights for exhibition of the film on video by playback equipment or cable

TV rights. There are several ways of communication and each one is separately divisible and can exist in different persons at the same time. Different classes/species of communication are as under: (i) theatrical rights, i.e. right to exhibit the cinematograph film in theatres; (ii) terrestrial television broadcasting rights, i.e. the right to exhibit the film on terrestrial television (i.e. Doordarshan); (iii) satellite broadcasting rights, i.e. the right to exhibit/communicate the film by satellite signals to the public with or without cable and through the satellite medium; (iv) cable TV rights, i.e. the right to exhibit the film by a cable originated programme.

Thus, plaintiffs have with them copyrights in cable TV rights, which is one of the modes of communication, while contesting defendants have with them satellite broadcasting rights. Both these rights can exist in different persons without infringing copyright of each other. The Single Judge of Madras High Court in O.A. No. 294 of 1994 and A. No. 2326 of 1994 in C.S. No. 362 of 1994, a judgment delivered on 25-7-1994, has held that satellite broadcasting rights are independent rights as per the Act. The satellite rights involve preparation of U-matic tapes and exclusive rights for satellite TV broadcast is entirely different from cable TV rights. The satellite television differs from ordinary terrestrial television (TV). Thus, as per learned Judge of Madras High Court satellite broadcasting rights are different rights.

In the present case, there is no dispute before me that satellite-broadcasting rights are independent rights. There is also ample material brought on record by defendants, which clearly indicate that satellite broadcasting rights must be treated and are treated as separate rights and the said rights are recognised throughout the world as independent rights.

The question is whether by preparation/manufacturing of Betachem cassettes either by Defendant 2 or Defendant 3, rights conferred upon plaintiffs are infringed and that whether after receipt of satellite signals, transmission of said signals by media of cable, plaintiffs' cable TV rights are infringed. As far as video rights are concerned, said rights are admittedly with plaintiffs. Broadcast on cable TV means cassette is put in Video Cassette Recorder (VCR) and signals generated on cassette player are then transmitted to the viewers through cable. Satellite transmission is different way or channel of broadcasting. To broadcast on satellite, Betachem cassette is prepared on the basis of original film of the cinematograph. Betachem cassette is, thereafter, used for purpose of broadcasting on highly specialised and sophisticated machine. The signals generated by Betachem cassette are uplinked to satellite. The said signals are, in turn, transmitted to foot prints by downlinking the satellite signals, which are either received on common dish antenna owned by cable TV operator, society or on private dish antenna owned by the viewers.

For receipt of satellite signals, a decoder is supplied by broadcaster. The signals received on dish antenna are in turn, without any addition/alteration/deletion, transmitted as it is through media of cable to viewers. The said cable are attached to television.

Thus, the question is by preparation or manufacturing of Betachem cassettes for the purpose of its use for satellite broadcasting for transmission whether it infringes plaintiffs' copyright. Answer to this question must be in negative. Section 52(z) of the Act saves some infringement of copyright. As per Section 52(z), making of an ephemeral recording by broadcasting organisation, using its own facility for its own broadcasting—by broadcasting organisation of a work, which it has right to broadcast, does not amount to infringement. In the present case, Defendants 2 to 4 to enable them to broadcast films on satellite have to prepare Betachem cassette. Unless and until the cassette is prepared film cannot be broadcast through satellite.

[**** quoted from Michael F. Flint, *A User's Guide to Copyright* (4th Edn.) and continued.]

For ephemeral rights, the Act contains express exception permitting the use of copyright material for the purposes of broadcasting only. Thus, this is an exception. Thus, even though, for the sake of argument it is treated that Betachem cassette is one of the cassettes, producing or manufacturing of the Betachem cassette is specifically saved under Section 52(z) of the Act. By producing or manufacturing Betachem cassette for the purposes of broadcasting film on satellite, defendants have not committed any infringement of plaintiffs' copyrights. Thus, to broadcast the film on satellite, Defendants 2 to 4 have to manufacture Betachem cassette by using original film print. As per draft agreement annexed to the plaint between Defendant 1 and Defendant 3 (which is not in dispute), it is for Defendant 1, producer/author of the film, to provide for Betachem cassette or to give good original film print to enable defendants to prepare Betachem cassette. Thus, preparation/manufacture of the Betachem cassette is in aid or in furtherance of broadcasting on satellite. Thus, by preparation or manufacturing of Betachem cassette, plaintiffs' rights under the agreement (Ex. "A" to the plaint) are not infringed. In view of Section 52(z) of the Act, act of defendants to produce/manufacture Betachem cassette does not amount to infringement of copyrights, as claimed by plaintiffs.

The next question is whether by receiving satellite signals on dish antenna owned/maintained by cable TV operator or private party and by relaying signals through media of cable to the viewers plaintiffs' copyrights are infringed. Answer to this question must also be in negative.

Role of dish antenna of cable TV operators or of society is that signals are received on dish antenna and carried further by cable without editing whatever programmes they receive. Thus, by receipt of satellite signals

on dish antenna by cable TV operators or society and by carrying the same, no rights of plaintiffs are infringed. Ninety per cent of the viewers are depending upon cable TV system operated by the cable TV operators. The role of cable TV operators is to receive the signals on dish antenna and transmit the same as it is to the viewers.

[**** discussed the details and continued.]

Thus, in my judgment—by broadcasting cinematograph through satellite, defendants are not committing infringement of plaintiffs' copyrights in the cinematograph "Bees Saal Baad"; therefore, plaintiffs will not be entitled for interim order in this Notice of Motion. As a result, Notice of Motion to stand dismissed with costs quantified at ₹ 10,000, ₹ 5000 each to be paid to Defendants 2 and 3. Issuance of certified copy expedited.

POINTS FOR DISCUSSION

1. Examine and differentiate the diverse forms of rights included in the right to communicate to the public under the copyright law.
2. What are the implications of the changes introduced in the definition of communication to public through the 2012 Amendment?
3. Do you think that communication to the public through internet is also covered in the definition?
4. Discuss the nature of streaming technology and discuss whether the language used in the definition is meant to include this?
5. How will you interpret the words "communications thereof of the said film" and "for any purpose in any manner whatsoever" in the contract of assignment? Was not the intention of the owner of copyright to assign all forms of communication to the public to the plaintiff?
6. What according to you are the reasons for the Court to say that only video rights are assigned to the plaintiff?
7. Discuss the application of Section 52(z) in deciding this case.
8. Discuss the decisions of *Raj Video Vision v. K. Mohanakrishnan*, AIR 1998 Mad 294 and *Maganlal Savani v. Rupam Pictures (P) Ltd.*, AIR 2000 Bom 416: (2000) 3 Bom LR 48.

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1. Dr Andrew Christie, "Towards a New Copyright For the New Information Age" (1995) 6 AIPJ 145.
2. Jane C. Ginsburg, "Putting Cars on the 'Information Superhighway': Authors, Exploiters and Copyright in Cyber Space" (1995) 95 Colum L Rev 1466.
3. R.F. Whale, "Copyright and Owner's Rights" (1979) 1 EIPR 38.
4. R.V. Vaidyanatha Ayyar, "Interest or Rights? The Process and Politics of a Diplomatic Conference on Copyright" (1998) 1 JWIP 3.

Moral rights

The protection accorded by the doctrine of moral rights is different from the economic rights accorded by the copyright law. Whereas the economic rights protect the economic exploitation of the fruits of artistic creation, the moral rights focus on the protection of the author's personality. Economic rights of authors may be said to have been recognised in one form or the other since 15th century.¹⁶ Moral rights, on the other hand, only began to be recognised at the beginning of the 19th century.¹⁷ The doctrine has been best expressed and studied in France. From the beginning of the 19th century cases are found which, emphasising the criminal statutes against plagiarism, protected the rights of the creator to have the form of his work preserved from deformation by subsequent transferees.¹⁸ Martin A. Roeder traces its history thus:

The second half of the nineteenth century witnessed a rapid development of the concept. The right to refuse to create, the right of paternity, the right to prevent deformation of the work, all received recognition in the civil courts. In 1901 the Cour de Cassation, the highest French Court, gave official recognition to the doctrine in *Cinquin C. Lecocq*.

The various ramifications of the doctrine have been constantly developed in Europe and, in addition to the rights already mentioned, the moral right may now be said to consist of the right to create and to publish in any form desired, the creator's right to claim the paternity of his work, the right to prevent every deformation, mutilation or other modification thereof, the right to withdraw and destroy the work, the prohibition against excessive criticism and the prohibition against all other injuries to the creator's personality. Part of this doctrine has been incorporated into the Berne Convention, as revised in Rome in 1928, Article 6bis ...

But the common-law countries were reluctant in imbibing this concept. This is evident from the objection raised by the common-law countries against Article 6bis of the Berne Convention. The reticence of the common-law countries (particularly the US) in giving statutory recognition to moral rights is also reflected in Article 9(1) of the TRIPS Agreement, which while imposing on members obligation to comply with the substantive provisions of the Berne Convention, excludes Article 6bis from any such obligation.¹⁹

The moral rights, having in view the nature of it, were considered perpetual in duration. In India, Section 57 of the Copyright Act originally supported this view. However, due to the upper hand the common-law countries are having in moulding the international law, and TRIPS

16. J.A.L. Sterling, *World Copyright Law* (Sweet & Maxwell 1998) 279.

17. *Ibid.*

18. Martin A. Roeder, "The Doctrine of Moral Right: A Study in the Law of Artists, Authors and Creators" (4-2-1940) 53 *Harv L Rev* 554, 555.

19. J.A.L. Sterling, *World Copyright Law* (Sweet & Maxwell 1998) 280.

Agreement in particular, the term of moral rights (other than the paternity right) was limited to the term of copyright by the 1994 Amendment and the paternity right was not allowed to be exercised by the legal representatives of the author.²⁰ But the position is now restored by the 2012 Amendment by extending the term beyond the term of copyright and by permitting the legal representatives to claim protection even for paternity right.

The right of performer was recognised in India only in 1994. But Section 38-A dealing with the application of other provisions of the Act to the rights of performer did not include Section 57 resulting in the denial of moral rights to the performer. In the 2012 Amendment, Section 38-B is introduced to protect the moral right of a performer. The language is in tune with the WIPO Performances and Phonograms Treaty, 1996 to which India is yet to become a party. Even before this, the Delhi High Court examined the scope of protection of rights of a performer to show her name in the music CD in *Neha Bhasin v. Anand Raj Anand*²¹ and stated:

While the definition of 'performer' in Section 2(qq) of the Copyright Act, 1957 includes within its sweep a singer, Section 2(q) defines 'performance', in relation to performer's right, to mean any visual or acoustic presentation made live by any one or more performers. Every performance has to be live in the first instance whether it is before an audience or in a studio. If this performance is recorded and thereafter exploited without the permission of the performer then the performer's right is infringed. So, as regards performer's rights the plaintiff definitely has a serious triable case.²²

In the following case it was alleged that the appellant's novel was distorted and mutilated when made into a film by the respondent. It is interesting to note that when there is a change in the medium as a result of conversion of a literary work into a visual medium—e.g., into a cinematograph film as in this case—it is highly difficult to see if there is a violation of moral rights as a result of the modifications made into the original work.

MANNU BHANDARI v. KALA VIKAS PICTURES (P) LTD.

AIR 1987 Del 13: (1987) 7 PTC 87: ILR (1986) 1 Del 191

JUSTICE S.B. WAD

How far law protects creative aesthetic expression of an artist? Is the intellectual property of an artist governed by the same norms as

20. See, the amendments made in S. 57, Copyright Act, 1957 by the Amending Act, 1994.

21. (2006) 132 DLT 196: (2006) 32 PTC 779.

22. *Ibid.*, 807.

commercial property? Where does the freedom (of expression) of the author end, where does the director begin? What is the scope and width of Section 57 of the Copyright Act, 1957? These are the questions raised in Manu Bhandari's suit against Kala Vikas Pictures (P) Ltd. and its producer and director. Kala Vikas has produced motion picture "Samay Ki Dhara" under assignment of filming rights of her novel "Aap Ka Bunty". Her complaint is of the mutilation and distortion of the novel. She pleads for permanent injunction against its screening and exhibition. Although many authors complain of such distortions, few have sought judicial protection. Hence, there is no precedent of any law court to guide the film industry. The trial court has refused an ad interim restraint order. The appeal is against this order.

[***** discussed the options for the parties and continued.]

At the bottom of the controversy is the question of demarcating the boundaries of the rights of the author and that of a director of the film. Does the assignment of the filming rights mean the end of the author's rights? Does it mean that the director has absolute freedom to make any changes in the theme and characters? The basic question is how to balance freedom (of expression) of the author with that of the director in the field of art.

[***** quoted the order of lower court and continued.]

To my mind the learned Judge has not correctly appreciated the scope of Section 57 of the Copyright Act and the contract of assignment between the parties. The said Section 57 and the contract between the parties reads: [***** quoted Section 57 and continued.]

Contract between the parties: [***** relevant portions only]

This is to put on record that you have agreed to sell us the filming rights of your published Hindi Novel, titled "Aap Ka Bunty" for our film, Production No. 1, and for which you would receive a consolidated amount of rupees fifteen thousand and one only, payable to you under the following terms and conditions:

(a) [***]

(b) That Sri Sisir Mishra, the director of the aforesaid film, is writing the screenplay of our Production 1 and that you have agreed to allow him to make certain modifications in your novel for the film version, in discussion with you to make it suitable for a successful film.

(c) That you have agreed that the abovementioned Hindi film being made basing on your novel, "Aap Ka Bunty", will be the sole and exclusive property of Kala Vikas Pictures Pvt. Ltd. and that we shall have the complete right to utilise and exploit the same in any commercial form such as release in cinema theatres, radio, TV, video-tapes, gramophone records, dubbing and sub-titling etc. In

other words, we will be the exclusive copyright holder of your all work done on the novel "Aap Ka Bunty" in this regard (except its publication rights).

(d) [***]

(e) That proper publicity will be given to you as the author of the said story in all credits (commercial and other publicity).

(f) [***]

The hallmark of any culture is excellence of arts and literature. Quality of creative genius of artists and authors determine the maturity and vitality of any culture. Art needs healthy environment and adequate protection. The protection which law offers is thus not the protection of the artist or author alone. Enrichment of culture is of vital interest to each society. Law protects this social interest. Section 57 of the Copyright Act is one such example of legal protection, Section 57 lifts authors' status beyond the material gains of copyright and gives it a special status.

[***** explained the content of Section 57 and continued.]

What is the substance of the protection of special rights guaranteed by Section 57. Sub-clause (a) of clause (1) of the section prohibits any distortion or mutilation of the author's work. The words "other modification" appearing in the sub-clause (a) will have to be read *ejusdem generis* with the words "distortion" and "mutilation". The modification should not be so serious that the modified form of the work looks quite different work from the original. "Modification" in the sense of the perversion of the original, may amount to distortion or mutilation. But, there can be a modification *simpliciter* such as where "A" is changed to "B", both being quite distinct. Sub-clause (a) thus provides inviolability to an intellectual work. Sub-clause (b) provides for remedies for protection of honour and reputation of the author. The bundle of rights and remedies provided by Section 57 is in tune with the modern development in law relating to protection of intellectual property of the author and the international agreements and treaties in that regard. The learned Judge is not right in saying that because the modifications are permissible under the contract of assignment the plaintiff had failed to prove the breach of Section 57.

As stated earlier the correct way of construing the contract of assignment dated 31-4-1983 is to read the provisions of the said contract as complimentary to Section 57 and not inconsistent with it. Clause (b) of the contract states, "Sri Sisir Mishra, the director of the aforesaid film is writing the screenplay of our Production 1 and that you have agreed to allow him to make certain modifications in your novel for the film version in discussion with you to make it suitable for a successful film." Only "certain modifications" which are necessary for converting the novel into a film version are allowed. The second object of modifications is to make the film version suitable for a successful film. But the said modifications

are to be done after discussion with the author. The contract further states that proper publicity will be given to the plaintiff as the author of the said story in all credits (commercial and other publicity). Subject to these important caveats, the assignee shall become the exclusive copyright holder of the said novel, to exploit the novel for any reproduction except by way of publication as a novel. Reading the contract with Section 57 it is obvious that modifications, which are permissible, are such modifications, which do not convert the film into an entirely new version from the original novel. The said, "certain modifications" should also not distort or mutilate the original novel. The novel will include the main theme, the situations and the main characters of the novel. The fact that Mannu Bhandari is the author of the story is to be published in all the credits. This is for giving due recognition to the reputation of the author. The word "credits" in the parlance of show business means recognition of credit worthy actions of all those who have participated in making the show business success. As a show business or as a box office collection, a film may be a success, but may not credit to the reputation or the honour of the author. That is why Section 57 insists on the special protection to honour and reputation of the author. The contract requires that "proper" publicity should be given. The word "proper" has to be interpreted in contradistinction to "notoriety" or "bad name", causing harm to the honour and reputation of the author.

Counsel for the respondent has argued that clause (b) of the contract permits modifications to be made by the director. Modifications actually made are made after discussions with the author and she had agreed to the said modifications. Whether the modifications in the film are within the permissible limits or not will be examined later.

[**** discussed the procedural objection to issue injunction and continued.]

The learned Additional District Judge has observed, "In my view prima facie the film is not at all going to harm the reputation of the plaintiff in any manner. The plaintiff's reputation can be harmed in the eyes of those only who have read her novel and seen the film also. Those who have read her novel and seen the film may change their views about the producer, director of the film but not about the plaintiff." The appellant submits that this finding is not correct. [**** discussed the arguments and continued.]

The fact that the appellant has earned a place and reputation in Hindi Literature is not denied by the respondent. It is widely believed that there are investments and collections of crores of rupees in a successful Hindi movie and the heroes and heroines are paid fabulous amounts for their services. If the complaint of the author (of mutilation and distortion of the novel) is correct the lay public and her admirers are likely to conclude that she has fallen prey to big money in the film world and has consented

to such mutilation and distortions. The apprehension of the author cannot be dismissed as imaginary. It is reasonable. Her admirers are likely to doubt her sincerity and commitment and she is likely to be placed in the category of cheap screenplay writers of the common run Bombay Hindi Films. Apprehension of loss of reputation is thus real one. Once the film is screened for general public, the damage would be caused and no money compensation would restore the reputation. The fact that the author has not claimed the damages in the suit speaks of her approach. She is interested only in not allowing anyone to play with her reputation as an author.

I broadly agree with the approach of the learned Additional District Judge that some changes are inevitable when a novel is being converted into a motion picture. Outdoor shooting, choosing of sites for that purpose with aesthetic considerations, situations for the songs (which are a vital part of the Hindi films) are some of the considerations which required changes. So also, selection of situations from the novel for their effective visual presentation, should be the choice of the director. However, such changes should not mutilate or distort or completely modify the original theme and characters. The Court has, therefore, to balance the artistic treatment of subject by the author and that by the director. What are the objections of the author to the visual presentation of the theme and the characters (after seeing the film itself)?

The first objection of the author is to the name of the film, "Samay Ki Dhara". From the correspondence between the parties it is *prima facie* clear that she had agreed to this name in desperation, as the matters were not moving. The title "Samay Ki Dhara" is so general as to suggest any social problem that faces the Indian society today. For making it more specific a direct reference to "Bunty" is necessary. The producer should, therefore, so amend the title as to include in the title "Samay Ki Dhara" and "Aap Ka Bunty".

The second objection of the author is to the character of the first husband. In the original story he is shown as a Divisional Manager of some company. In the film he is depicted as an unscrupulous builder. The story in the film shows that he procures work by supplying women. The character of Prakash has been newly introduced in the film as an Assistant to the first husband. The novel does not give us any particulars about the character of the first husband. According to the author, he is a normal middle class executive. One cannot find fault with the director if he partly changes the character in the absence of the specific details in the novel. But, the objection of the author is more serious. She submits that the second wife (who, according to the author, is also a simple middle class housewife) has been depicted as a stereo typed vamp in Hindi films. Her behaviour and the expression border on vulgarity.

The author submits that the characters and theme are mutilated through vulgar dialogues. The audio visual presentation has the object of brash sex to attract box office. I do not agree. If the director wanted to do so, there was full scope to do it from the sequence in the novel itself. The novel depicts that in the new house (of the second husband) Bunty is not able to sleep. He sees blue light emerging from the bedroom from the half closed door. In curiosity he peeps through the door. He is taken aback by nude figure of the second husband and semi nude figure of his mother. He is very angry with his mother. But the bare body of man gives new awareness to Bunty of his manhood. He then dreams of several nude bodies and conjures up his place in them. The novel itself provides this episode. If the director wished to exploit it to show more explicit sex sequences he had the opportunity to do so. This could not have been objected to by the author because it formed part of the novel itself. But the director has, quite sensibly, deleted the whole episode.

This submission raises an important question of an aspect of Court's powers under Section 57 of the Act. The Court does not sit as a sentinel of public morals or super censor in exercise of its powers under the said section. It cannot impose its views (prudish or liberated) on sex or its depiction in the works of art. The concern of the Court is to examine how far the new "avatar" is true and authentic and what changes are necessary due to constraints of a medium.

I have gone through the script of the film and also seen the visual effect of these characters in the film. I direct that the following sentences should be deleted from the film: Page No. in Original Script (Dialogues in Hindi Script) These sentences distort the characters and thus cannot be described as the necessary changes for the change in the medium, *i.e.* from literary to audio visual.

The next objection of the author is to the end of the film. The end of the novel is that Bunty is admitted in a hostel by his natural father because Bunty is not able to adjust in the new family and particularly with the second wife. He is not ready to accept the second wife as his mother as he is not ready to accept his mother's second husband as his father. However, in the film, this end is changed and it is depicted that Bunty dies after he runs away from the house of his natural father. It is depicted that he dies for want of food and frustration after wandering from place to place for four days. His body is put in the hospital morgue as an unclaimed body. After receiving information from the Police the mother with the new husband and the father with the new wife reach the hospital. There are about 50 unclaimed bodies lying on the table in the morgue with faces covered. The mother and the father rush from one end to another, lifting the cover from each face in great agony and finally find Bunty's body. From the correspondence it appears that there was a good

deal of dispute between the author and the director as to what should be proper end. She had at one stage suggested that the film should end by showing Bunty entering a blind alley with a question mark at the end. The author's objection is that by killing Bunty the director has killed the problem. She submits that the novel is not an anti divorce novel as the death of children is not an inevitable consequence of divorce. *Prima facie* it is difficult to appreciate this submission of the author. Death of a child who has suffered in both the families cannot be said to be an impossibility and if the director selects the end in preference to the suggestion of the author it is difficult to find fault with him. Unlike the traditional commercial films, the director has shown courage in ending the picture with death of the main character.

It is not known how the social problem in the novel would be kept open for discussion by the viewers if it is shown that the child is put in a hostel or that he goes to an unknown destiny. However, what is objectionable is the manner in which death is presented to the two families. The entire scene in the morgue is too crude, brash and nauseating. The irony of the situation, *viz.* that although the child has both the parents, the body is required to be kept in the morgue as an unclaimed body, is pathetic enough to make the viewer of the film disturbed. Even for the less educated or illiterate people who see Hindi films the message will go home even if the film stops at a point where both the families see the dead body of Bunty in the morgue and collect it. I, therefore, direct that that

of the end of the film which shows a large number of dead bodies spread on the table and the desperation of the families to identify Bunty's body should be deleted from the film.

With the changes directed above, the film can be screened. The order of the learned Additional District Judge is upheld subject to the modifications and deletions suggested above. This judgment was ready for pronouncement when a joint application for settlement had been moved by the parties before me on 7-8-1986. The story of the filming of the novel "Aap Ka Bunty" has a happy end like all successful commercial films. The joint application states:

[**** quoted the agreement and continued.]

Counsel for the parties have requested me to pronounce the judgment as there is no decision of any court of law at this stage and particularly on the interpretation of Section 57 of the Copyright Act, 1957. In view of the settlement between the parties the findings of facts and the directions given in this judgment have become "Otiose". The respondents would be free to exhibit the movie in accordance with the settlement between the parties. The appeal as well as the suit are dismissed as withdrawn in terms of the said settlement between the parties. There shall be no order as to costs. Order accordingly.

POINTS FOR DISCUSSION

1. Do you agree with the findings of the Court that protection offered under Section 57 of the Copyright Act is the protection of social interest rather than the protection of the artist or author alone?
2. What is the exact scope of "other modifications" under Section 57? What types of modifications are permissible in the case of converting a novel into a cinematograph film?
3. What is the test laid down by the Court in finding out if there is distortion or mutilation of a work?
4. Do you agree with the statement of the Court that the contract of assignment is subject to Section 57 in that "the terms of the contract can not negate the special rights and remedies guaranteed by Section 57"?
5. Discuss whether moral rights can be waived.
6. Discuss the implications of the amendments introduced in Section 57 in 2012.

AMAR NATH SEHGAL v. UNION OF INDIA
(2005) 30 PTC 253 (Del); (2002) 63 DRJ 558

JUSTICE PRADEEP NANDRAJOG

[This is a case which has widened the scope of moral rights in India. The Court in this case went on record by interpreting Section 57 to include right against destruction of a work of art. In this case the Government of India, though it is the owner of the work, was held to have no right to destroy the work against the will of its author.]

Copyright is one of the three main branches of the traditional law of intellectual property, along with patent law and trade mark law. Overshadowed historically by the economic worth of patents and trade marks, the plaintiff who believes that there can be no beauty without a soul, has brought the present action, hoping that the soul (copyright) is given its due place and recognition in the history of law.

The Cinderella (Copyright) of the family of intellectual property, long pushed into the chimney seeks, in the present proceedings, to endow herself with the gift of the fairy godmother—the magical pumpkin coach and the mice footmen. Plaintiffs' pleadings takes one back to the year 1957. A peep behind the pleadings would take us back to the early fifties.

India was a nascent democracy. The world was divided into two camps, the American camp and the Soviet Russia camp. Pt. Jawahar Lal Nehru, the first Prime Minister of this country, a man of vision, realised that to be non-aligned was the best policy. India, under the leadership of Pt. Jawahar Lal Nehru, was a pioneer of the non-aligned movement. Fledgling

India was asserting itself in the community of nations. International delegations were frequenting the territory of India. Conferences had to be held. Large number of delegates had to be accommodated. A building was conceived to be the hub of international and national conferences. It was named "Vigyan Bhawan".

[***** quoted the Cabinet note to include architectural works and continued.]

The brick, mortar and concrete structure named "Vigyan Bhawan" may have been an architectural feat, imbibing the science of construction, but the building was too lifeless. It needed a soul.

What better soul could a building have other than being endowed with the cultural heritage of India. After all, Vigyan Bhawan was conceived to house international conferences and ought, therefore, to have reflected India's cultural heritage. Plaintiff, Amar Nath Sehgal, received a communication from the Union of India on 16-7-1957, Ex. P-1. It reads as under:

[***** extracted the letter.]

Plaintiff readily agreed to the offer contained in the letter dated 16-7-1957 as it was indeed a matter of honour to accomplish the task. Research and untiring work, spanning over half a decade produced a piece of art—a bronze mural sculpture—manifesting itself having 140 ft. span and 40 ft. sweep on one of the wall's of Vigyan Bhawan. The wall was no ordinary wall as it was the lobby of Vigyan Bhawan, *i.e.* the entrance. The mural was a delicate balance between cultural and material aspects in national perspective and science of rural and modern India being its theme.

The mural continued to occupy its place of pride at the lobby of Vigyan Bhawan till it was pulled down and consigned to the store room of the Union of India in the year 1979. This act of destruction of the mural was without the permission, consent or authorisation of the plaintiff.

According to the plaintiff, the mural acquired the status of a national treasure, representing the essential part of Indian art heritage. According to the plaintiff, the mural became an important part of India's cultural heritage. Unfortunately for the plaintiff, the motivating force behind the mural, late Pt. Jawahar Lal Nehru was no longer in the world of living and those in charge of the country had little concern for the cultural heritage of the country. A little sympathy came from a minor functionary in the Government of India. Sri J. Sagar, Joint Secretary, Ministry of Human Resource Development, addressed a letter to the Joint Secretary, Ministry of Urban Development on 22-4-1991. He wrote:

Although it is possible to advise Sri Amar Nath Sehgal to simply go to Court, I do feel that when the Government had commissioned an important work from a well-known artist, it would be appropriate for the Government to try to deal with the artist's work fairly.

Plaintiff ran from pillar to post. No positive action was taken. The mural created by the plaintiff was no longer available for viewing by the public of India. The mural having been put in the godown of the Government of India, the plaintiff was left with no alternative but to knock at the doors of the Court. Taking shelter of Section 57 of the Copyright Act, 1957, the present suit was filed praying for declaration that the plaintiff's special rights under Section 57 of the Copyright Act, 1957 were violated by the defendants, for which the defendants should tender an apology. A permanent injunction was prayed for to restrain the defendants from further distorting, mutilating or damaging the plaintiff's mural. Damages in the sum of ₹ 50 lacs towards compensation for humiliation, injury, insult and loss of plaintiff's reputation were prayed for. Lastly, decree for delivery-up directing the defendants to return to the plaintiff the mural for restoration at the cost of defendants was sought.

On 29-5-1992, my esteemed brother, Jaspal Singh J passed an interim order and while so doing, epitomised issues which required to be considered in the present proceedings. I am but tempted to reproduce the interim order dated 29-5-1992 as the same chartered the course of further proceedings in the suit. [**** discussed the order, quoted from it and continued.]

Union of India defended the suit by urging that it was the owner of the mural and had a right to consign the same to a store room. Plaintiff was stated to have been paid the price for the work. Defence of limitation was also set up. It was averred that the mural was removed in the year 1979 and the suit being filed in the year 1992, *i.e.* after 13 years from the date of the offending act, was barred by limitation.

Following issues were framed on 1-4-2003: (1) Whether the suit is barred by limitation? (2) Whether the plaintiff has rights under Section 57 of the Copyright Act, 1957 in the impugned work although the copyright in the same has been vested to the defendant? (3) Has the defendant violated the plaintiff's rights under Section 57 of the said Act? (4) Whether the plaintiff has suffered any damage? (5) Relief.

[**** discussed Issue 1 and continued.]

Evidence on record establishes that till as late as 6-6-1991, Government of India acknowledged the fact that the mural needed respect evidenced, by a letter, though proved during trial but not exhibited, being letter dated 6-6-1991 addressed by Ms Indrani Sen, Joint Secretary, Government of India, Ministry of Urban Development, to the plaintiff.

[**** discussed Issues 2 and 3, the facts and basis of moral right, the provisions of Berne Convention and Section 57 and continued.]

The words "prejudicial to his honour or reputation" found place in sub-clause (b) of sub-section (1) of Section 57. Legislature thought that the existing provisions, whereby even distortion, mutilation and modification of the work which are not prejudicial to the author's honour or

reputation would violate the author's special rights may have anomalous unintended consequences and were, incidentally, in excess of the requirement of Berne Convention. The section was amended to read: [**** quoted the new section and continued.]

Copyright law in India was thus brought at par with the Berne Convention. In conformity with the Berne Convention, Section 57 of the Copyright Act, 1957 protects the author's right of paternity as also the right of integrity. Distortion, mutilation or modification, if established to be prejudicial to the author's reputation or honour, are actionable.

[**** the Court tried to link moral rights with cultural rights by referring to various international conventions on cultural rights and the case of *Vishaka v. State of Rajasthan*²³ and held.]

There would, therefore, be urgent need to interpret Section 57 of the Copyright Act, 1957 in its wider amplitude to include destruction of a work of art, being the extreme form of mutilation, since by reducing the volume of the author's creative corpus it affects his reputation prejudicially as being actionable under said section. Further, in relation to the work of an author, subject to the work attaining the status of a modern national treasure, the right would include an action to protect the integrity of the work in relation to the cultural heritage of the nation.

Under orders passed by this Court, physical condition of the mural in question was directed to be reported. Sri B.C. Sanyal, an artist of international repute and Prof. P.N. Mago reported that various parts were missing. Their report reveals a massive destruction of the mural. Ms Kapila Vatsyayan, Academic Director, Indira Gandhi National Centre for the Arts reported that she was pained to see an outstanding artistic composition dismembered in fragments which could not be put together even in arts.

In view of the evidence on record, Ms Jyoti Singh, learned counsel for the defendants did not even attempt to urge that the destruction and damage to the mural was debatable. Issues 2 and 3 are accordingly decided in favour of the plaintiff and against the defendants. It is held that the plaintiff has a cause to maintain an action under Section 57 of the Copyright Act, 1957 notwithstanding that the copyright in the mural stands vested in the defendants. It is further held that the defendants have not only violated the plaintiff's moral right of integrity in the mural but have also violated the integrity of the work in relation to the cultural heritage of the nation.

Issues 4 and 5

At the hearing held on 14-2-2005, Sri Praveen Anand, learned counsel for the plaintiff prayed for a decree directing the defendants to return

23. (1997) 6 SCC 241; AIR 1997 SC 3011.

to the plaintiff the remnants of the mural with further declaration that the defendants would have no right in the same as also a declaration that the plaintiff would have a right to recreate the mural at any other place anywhere in the world including the right to sell the same. Alternatively, damages were sought.

I am of the opinion that the mural, whatever be its form today, is too precious to be reduced to scrap and languish in the warehouse of the Government of India. It is only the plaintiff who has a right to recreate his work and, therefore, has a right to receive that broken down mural. Plaintiff also has a right to be compensated for loss of reputation, honour and mental injury due to the offending acts of the defendants.

Suit is accordingly decreed in favour of the plaintiff and against the defendants as under—(a) A mandatory injunction directing the defendants to return to the plaintiff the remnants of the mural within 2 weeks from today. (b) Declaration is granted in favour of the plaintiff and against the defendants that all rights in the mural shall henceforth vest in the plaintiff and the defendants would have no right whatsoever in the mural. (c) Declaration is granted in favour of the plaintiff that he would have an absolute right to recreate the mural at any place and would have the right to sell the same. (d) Damages in the sum of ₹ 5 lacs are awarded in favour of the plaintiff and against the defendants. If not paid within one month from today, the damages shall carry simple interest @ 9 per cent p.a. from today till date of payment. (e) Costs shall follow in favour of the plaintiff and against the defendants.

I would be failing if I do not put on record the assistance rendered to the Court by Sri Praveen Anand, learned counsel for the plaintiff who argued the matter virtually on first principles and enriched the Court with material to understand the profound issue raised in the suit which required a synthesis of personal rights vis-à-vis the cultural rights of the nation.

POINTS FOR DISCUSSION

1. Identify the real dispute between the parties in this case and discuss whether the Court addressed this.
2. Discuss whether the moral right includes the right to display the work.
3. Examine the scope of the 1994 Amendment introduced in Section 57 regarding the right to display the work.
4. Was it necessary for the Court to refer to international conventions on cultural rights to decide whether destruction of the original work is a violation of moral rights?
5. Discuss the scope of the terms "other act in relation to the said work" in Section 57 and find out whether the facts of this case fall under this category.

3]

6. Discuss the legality of the decision of the Court to transfer the copyright to the plaintiff for violation of moral right.

REFERENCES

1. Carole Callebaut, "The Legal Protection of Artist Performers in France" (1983) 31 J COPR SOC'Y 163.
2. Gerald Dworkin, "Moral Rights and the Common Law Countries" (1994) 5 AIPJ 5.
3. Jeff Berg, "Moral Rights: A Legal, Historical and Anthropological Reappraisal" (1991) 6 IPJ 341.
4. Michael Weir, "The Story of Moral Rights or the Moral to the Story?" (1992) 3 AIPJ 232.
5. Raymond Sarraute, "Current Theory on the Moral Right of Authors and Artists Under French Law" (1968-69) 16 Am J Comp L 465.
6. William Strauss, "The Moral Right of the Author" (1955) 4 Am J Comp L 506.

Co-existence of rights of different works

It is well accepted that the rights of the authors of the works should not be abrogated when rights are created to protect the interest of the persons who create new works based on existing works. This is reflected clearly in international conventions. For example, the Berne Convention, while recognising the rights for cinematograph film, made it clear that the rights of the authors of the literary, dramatic and musical work should not be affected if copyright of the film is granted to producers of the film. Similarly the Rome Convention that recognises the rights of performers, phonogram producers and broadcasting organisation also makes it clear in Article 1 that the rights recognised in this treaty shall not derogate the rights given to the authors under Berne Convention. It is this principle that is reflected in Section 13(3) and (4) of the Indian Copyright Act. This section was subjected to interpretation by the Supreme Court in *Indian Performing Right Society Ltd. v. Eastern India Motion Picture Assn.*²⁴ This is a decision which formed the target of severe criticism from different quarters. Prof. Ponnuswami has expressed his opinion that this resulted in judicial annihilation of performing rights.²⁵ To overcome the difficulties created by this judgment, Section 14 was amended in 1994 and a new proviso added to Section 17 in the 2012 Amendment. To ensure that the related rights are not going to affect the author of the basic work, the 2012 Amendment also introduced new provisions in Section 39-A.

²⁴ (1977) 2 SCC 820; AIR 1977 SC 1443.

²⁵ K. Ponnuswami, "Performing Right of the Intellectual Worker: Judicial Annihilation" (1986) 28 JILI 470.

INDIAN PERFORMING RIGHT SOCIETY LTD. v.
EASTERN INDIA MOTION PICTURE ASSN.

(1977) 2 SCC 820: AIR 1977 SC 1443

(JUSTICE V.R. KRISHNA IYER AND JUSTICE JASWANT SINGH)

JUSTICE JASWANT SINGH

This appeal, by certificate, granted under Article 133(1) of the Constitution by the High Court of Judicature at Calcutta, which is directed against its judgment dated 13-2-1974, raises the following substantial question of law of general importance. "Whether in view of the provisions of the Copyright Act, 1957 an existing and future right of music composer, lyricist is capable of assignment and whether the producer of a cinematograph film can defeat the same by engaging the same person."

The facts giving rise to the appeal are: The Indian Performing Rights Society Ltd. (hereinafter referred to for the sake of brevity as "the IPRS"), the appellant before us, was incorporated in the State of Maharashtra on 23-8-1969, as a company limited by guarantee, for the purpose of carrying on business in India of issuing or granting licences for performance in public of all existing and future Indian musical works in which copyright subsists in India. The incorporation of the IPRS was in terms of Section 2(r) of the Copyright Act, 1957 (Act 14 of 1957) (hereinafter referred to as "the Act") which was enacted after taking into consideration the Report of the (British) Copyright Committee, 1952, the suggestions of the various Ministries of the Government of India and the State Governments, the Indian Universities and certain interested industries and associations who were invited to send their comments on the subject of copyright. The IPRS has amongst its members the composers of musical works, authors of literary and dramatic works and artistes. In accordance with the provisions of Section 33 of the Act, the IPRS published on 27-9-1969 and 29-11-1969 in the *Statesman* and the *Gazette of India* respectively a tariff laying down the fees, charges and royalties that it proposed to collect for the grant of licences for performance, in public, of works in respect of which it claimed to be an assignee of copyrights and to have authority to grant the aforesaid licences. A number of persons including various associations of producers of cinematograph films who claimed to be the owners of such films including the sound track thereof and the Cinematograph Exhibitors Association of India filed objections in respect of the aforesaid tariff in accordance with the provisions of Section 34 of the Act repudiating the claim of the IPRS that it had, on behalf of its members, authority to grant licences for performance in public of all existing and future musical works which are incorporated in the sound track of cinematograph films in which copyright

may subsist in India or the right to collect in relation thereto any fees, charges or royalties. The association of producers averred, inter alia, that their members engaged composers and sound writers under contract of service for composing songs to be utilised in their films; that the musical works prepared by the composers of lyrics and music under contracts of service with their members—producers of the cinematograph films—having been utilised and incorporated in the sound track of the cinematograph films produced by the latter, all the rights which subsisted in the composers and their works including the right to perform them in public became the property of the producers of the cinematograph films and no copyright subsisted in the composers which they could assign to and become the basis of the claim of the IPRS under Section 33 of the Act; that their members, *i.e.* the producers of cinematograph films being the authors and first owners of the copyright in the cinematograph films produced by them had the exclusive right inter alia to cause the said films insofar as the same consisted of sounds (which include musical works) to be heard in public as also the exclusive right to make records embodying the sound track of the films produced by them (including any musical work incorporated therein) and to cause the said records to be heard in public; that in the making of a cinematograph film, as contemplated by the Act, a composer composes a lyric or music under a contract of service or for valuable consideration which is substantial, a music director sets it to tunes and imparts music to it and a singer sings the same but none of them nor any one of their aforesaid works can and have any separate copyrights; that motion picture is the combination of all arts and music in the sound track which cannot be detached from the film itself; that the purpose of making a motion picture is not only to complete it but also to publicly exhibit it throughout the world; that having regard to the provisions of the Act, the copyright in the case of a cinematograph film vests in the owner of the film as defined in Section 2(d)(v) of the Act; and that in the premises any assignment purporting to have been made in favour of the IPRS was void and of no effect and was incapable of conferring any rights whatsoever in such musical works on the IPRS.

The Cinematograph Exhibitors Association of India also filed objections challenging the right of the IPRS to charge fees and royalties in respect of performance, in public, of the musical works incorporated in the sound track of the films. Besides raising contentions identical to those raised by various associations of producers, they averred that copyright in a cinematograph film which vested in the producers meant copyright in the entirety of the film as an integrated unit including the musical work incorporated in the sound track of the film and the right to perform the work in public; that in accordance with the agreement with the distributors of films, the exhibition of cinematograph film includes the right to play in public the music which is an integral part and parcel of

the film; that the producers lease out copyrights of public performance of the films vested in them to the distributors who give those rights to the exhibitors under an agreement and that when an exhibitor takes a licence for exhibition, it is complete in all respects and a third party like the IPRS cannot claim any licence fee from the exhibitors.

On the aforesaid objections being referred to it for determination under Section 35 of the Act, the Copyright Board expressed the view that in the absence of proof to the contrary, the composers of lyrics and music retained the copyright in their musical works incorporated in the sound track of cinematograph films provided such lyrical and musical works were printed or written and that they could assign the performing right in public to the IPRS. The Copyright Board further held that the tariff as published by the IPRS was reasonable and the IPRS had the right to grant licences for the public performance of music in the sound track of copyrighted Indian cinematograph films and it could collect fees, royalties and charges in respect of those films with effect from the date on which the tariff was published in the Gazette of India.

Aggrieved by the decision of the Copyright Board, the objectors preferred an appeal under Section 72 of the Act to the High Court which allowed the same holding that unless there is a contract to the contrary, a composer who composes a lyric or music for the first time for valuable consideration for a cinematograph film does not acquire any copyright either in respect of film or its sound track which he is capable of assigning and that under proviso (b) to Section 17 of the Act, the owner of the film at whose instance the composition is made, becomes the first owner of the copyright in the composition. The High Court further held that "the composer can claim a copyright in his work only if there is an express agreement between him and the owner of the cinematograph film reserving his copyright". The High Court also held that "though Section 18 of the Act confers power to make a contract of assignment, the power can be exercised only when there is an existing or future right to be assigned and that in the circumstances of the present case, assignment, if any, of the copyright in any future work is of no effect". Dissatisfied with this decision, the IPRS has, as already stated, come up in appeal to this Court. [***** discussed the arguments of parties and continued.]

We have given our earnest consideration to the submissions made by learned counsel for the parties. So far as the first part of the question reproduced above is concerned, there is no dispute between the parties. Both sides are agreed that in view of the provisions of Section 18 of the Act, the material portion of which lays down that—[***** quoted the section and continued.] The first part of the question should be answered in the affirmative. It is accordingly held that an existing and future right of music composer and lyricist in their respective "works" as defined in the Act is capable of assignment subject to the conditions mentioned in

Section 18 of the Act, as also in Section 19 of the Act which requires an assignment to be in writing, signed by the assignor or by his duly authorised agent.

It is the second part of the question which has been a hot bed of controversy between the parties that has got to be tackled. The main point for determination in regard to this part of the question is whether the composer of lyric or musical work (which in terms of Section 2(p) of the Act means only a notationally written, printed or graphically produced or reproduced music) retains a copyright in the lyric or musical work if he grants a licence or permission to an author (owner) of a cinematograph film for its incorporation in the sound track of a cinematograph film. For a proper appreciation and determination of the contentions raised before us, it is necessary to notice certain provisions of the Act.

The terms "author", "cinematograph film", "exclusive licence", "infringing copy", "musical work", "performance", "performing rights society", "radio-diffusion" and "work" are defined in clauses (d), (f), (j), (m), (p), (q), (r), (v) and (y) respectively of Section 2 of the Act as under: [***** quoted the sections and continued.]

Section 13 of the Act provides as follows:

13. *Works in which copyright subsists.*—(1) Subject to the provisions of this section and the other provisions of this Act, copyright shall subsist throughout India in the following classes of works, that is to say—(a) original literary, dramatic, musical and artistic works; (b) cinematograph films; and (c) records.

(2) * * *

(3) Copyright shall not subsist—(a) in any cinematograph film if a substantial part of the film is an infringement of the copyright in any other work; (b) in any record made in respect of a literary, dramatic or musical work, if in making the record, copyright in such work has been infringed.

(4) The copyright in a cinematograph film or a record shall not affect the separate copyright in any work in respect of which or a substantial part of which, the film, or as the case may be, the record is made.

(5) * * *

Section 14 of the Act which contains the meaning of the expression "copyright" is to the following effect:

14. *Meaning of copyright.*—(1) For the purposes of this Act, 'copyright' means the exclusive right, by virtue of, and subject to the provisions of, this Act (a) in the case of a literary, dramatic or musical work, to do and authorise the doing of any of the following acts, namely—(i) to reproduce the work in any material form; (ii) to publish the work; (iii) to perform the work in public; (iv) to produce, reproduce, perform or publish any translation of the work; (v) to make any cinematograph film or a record in respect of the work; (vi) to communicate the work by radio-diffusion or to communicate to the public by a loudspeaker or any other similar instrument the radio-diffusion of the work; (vii) to make any adaptation of the work; (viii) to do in relation

to a translation or an adaptation of the work any of the acts specified in relation to the work in clause (i) to (vi);

(b) * * *

(c) in the case of a cinematograph film, to do or authorise the doing of any of the following acts, namely—(i) to make a copy of the film; (ii) to cause the film, insofar as it consists of visual images, to be seen in public and, insofar as it consists of sounds, to be heard in public; (iii) to make any record embodying the recording in any part of the sound track associated with the film by utilising such sound track; (iv) to communicate the film by radio-diffusion;

(d) in the case of a record, to do or authorise the doing of any of the following acts by utilising the record, namely—(i) to make any other record embodying the same recording; (ii) to cause the recording embodied in the record to be heard in public; (iii) to communicate the recording embodied in the record by radio-diffusion.

(2) Any reference in sub-section (1) to the doing of any act in relation to a work or a translation or an adaptation thereof shall include a reference to the doing of that act in relation to a substantial part thereof.

Section 17 of the Act which relates to ownership of copyright provides as under:

17. *First owner of copyright.*—Subject to the provisions of this Act, the author of a work shall be the first owner of the copyright therein;

Provided that—

(a) in the case of a literary, dramatic or artistic work made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of the copyright in the work insofar as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical, or to the reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the first owner of the copyright in the work;

(b) subject to the provisions of clause (a), in the case of a photograph taken, or a painting or portrait drawn or an engraving or a cinematograph film made, for valuable consideration at the instance of any person, such person shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

(c) in the case of a work made in the course of the author's employment under a contract of service or apprenticeship, to which clause (a) or clause (b) does not apply, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

(d)–(e) * * *

The interpretation clause (f) of Section 2 reproduced above, which is not exhaustive, leaves no room for doubt when read in conjunction with Section 14(1)(c)(iii) that the term "cinematograph film" includes a sound track associated with the film. In the light of these provisions, it cannot

be disputed that a "cinematograph film" is to be taken to include the sounds embodied in a sound track which is associated with the film. Section 13 recognises "cinematograph film" as a distinct and separate class of "work" and declares that copyright shall subsist therein throughout India. Section 14 which enumerates the rights that subsist in various classes of works mentioned in Section 15 provides that copyright in case of literary or musical work means inter alia (a) the right to perform or cause the performance of the work in public, and (b) to make or authorise the making of a cinematograph film or a record in respect of the work. It also provides that copyright in case of cinematograph film means among other rights, the right of exhibiting or causing the exhibition in public of the cinematograph film, i.e. of causing the film insofar as it consists of visual images to be seen in public and insofar it consists of sounds to be heard in public. Section 13(4) on which Mr Ashok Sen has leaned heavily in support of his contentions lays down that the copyright in a cinematograph film or a record shall not affect the separate copyright in any work in respect of which or a substantial part of which, the film, or as the case may be, the record is made. Though a conflict may at first sight seem to exist between Section 13(4) and Section 14(1)(a)(iii) on the one hand and Section 14(1)(c)(ii) on the other, a close scrutiny and a harmonious and rational instead of a mechanical construction of the said provisions cannot but lead to the irresistible conclusion that once the author of a lyric or a musical work parts with a portion of his copyright by authorising a film producer to make a cinematograph film in respect of his work and thereby to have his work incorporated or recorded on the sound track of a cinematograph film, the latter acquires by virtue of Section 14(1)(c) of the Act on completion of the cinematograph film a copyright which gives him the exclusive right inter alia of performing the work in public, i.e. to cause the film insofar as it consists of visual images to be seen in public and insofar as it consists of the acoustic portion including a lyric or a musical work to be heard in public without securing any further permission of the author (composer) of the lyric or a musical work for the performance of the work in public. In other words, a distinct copyright in the aforesaid circumstances comes to vest in the cinematograph film as a whole which in the words of British Copyright Committee set up in 1951 relates both to copying the film and to its performance in public. Thus if an author (composer) of a lyric or musical work authorises a cinematograph film producer to make a cinematograph film of his composition by recording it on the sound track of a cinematograph film, he cannot complain of the infringement of his copyright if the author (owner) of the cinematograph film causes the lyrical or musical work recorded on the sound track of the film to be heard in public and nothing contained in Section 13(4) of the Act, on which Mr Ashok Sen has strongly relied, can operate to affect the rights acquired by the author

(owner) of the film by virtue of Section 14(1)(c) of the Act. The composer of a lyric or a musical work, however, retains the right of performing it in public for profit otherwise than as a part of the cinematograph film and he cannot be restrained from doing so. In other words, the author (composer) of a lyric or musical work, who has authorised a cinematograph film producer to make a cinematograph film of his work and has thereby permitted him to appropriate his work by incorporating or recording it on the sound track of a cinematograph film, cannot restrain the author (owner) of the film from causing the acoustic portion of the film to be performed or projected or screened in public for profit or from making any record embodying the recording in any part of the sound track associated with the film by utilising such sound track or from communicating or authorising the communication of the film by radio-diffusion, as Section 14(1)(c) of the Act expressly permits the owner of the copyright of the cinematograph film to do all these things. In such cases, the author (owner) of the cinematograph film cannot be said to wrongfully appropriate anything which belongs to the composer of the lyric or musical work. Any other construction would not only render the express provisions of clauses (f), (m), (y) of Section 2, Section 13(1)(b) and Section 14(1)(c) of the Act otiose but would also defeat the intention of the legislature, which in view of the growing importance of the cinematograph film as a powerful media of expression, and the highly complex technical and scientific process and heavy capital outlay involved in its production, has sought to recognise it as a separate entity and to treat a record embodying the recording in any part of the sound track associated with the film by utilising such sound track as something distinct from a record as ordinarily understood.

[***** discussed the scope of Section 17 and concluded.]

For the foregoing reasons, we do not find any justification to interfere with the order of the High Court. Consequently, the appeal fails and is dismissed but in the circumstances of the case without any order as to costs.

JUSTICE V.R. KRISHNA IYER

The judgment just delivered is on behalf of the Court, which made this footnote, in a sense, otiose. But I do append the abbreviated opinion solely to belight a slightly penumbral area of the law and to voice a need for legislative exploration to protect a category now left in the cold.

A cinematograph is felicitous blend, a beautiful totality, a constellation of stars, if I may use these lovely imageries to drive home my point, slurring over the rule against mixed metaphor. Cinema is more than long strips of celluloid, more than miracles in photographs, more than song, dance and dialogue and indeed, more than dramatic story, exciting plot, gripping situations and marvellous acting. But it is that ensemble which

is the finished product of orchestrated performance by each of the several participants, although the components may, sometimes, in themselves be elegant entities. Copyright in a cinema film exists in law, but Section 13(4) of the Act preserves the separate survival, in its individuality of a copyright enjoyed by any "work" notwithstanding its confluence in the film. This persistence of the "aesthetic personality" of the intellectual property cannot cut down the copyright of the film qua film. The latter right is, as explained earlier in my learned brother's judgment, set out indubitably in Section 14(1)(c). True, the exclusive right, otherwise called copyright, in the case of a musical work extends to all the sub-rights spelt out in Section 14(1)(a). A harmonious construction of Section 14, which is the integral Yoga of copyrights in creative works, takes us to the soul of the subject. The artist enjoys his copyright in the musical work; the film producer is the master of his combination of artistic pieces and the two can happily co-exist and need not conflict. What is the *modus vivendi*?

The solution is simple. The film producer has the sole right to exercise what is his entitlement under Section 14(1)(c) qua film; but he cannot trench on the composer's copyright which he does only if the "music" is performed or produced or reproduced separately in violation of Section 14(1)(a). For instance, a film may be caused to be exhibited as a film but the pieces of music cannot be picked out of the sound track and played in the cinema or other theatre. To do that is the privilege of the composer and that right of his is not drowned in the film copyright except where there is special provision such as in Section 17, proviso (c). So, beyond exhibiting the film as a cinema show, if the producer plays the songs separately to attract an audience or for other reason, he infringes the composer's copyright. Anywhere, in a restaurant or aeroplane or radio station or cinema theatre, if a music is played, there comes into play the copyright of the composer of the Performing Arts Society. These are the boundaries of composite creations of art which are at once individual and collective, viewed from different angles. In a cosmic perspective a thing of beauty has no boundary and is humanity's property but in the materialistic plane on which artists thrive, private and exclusive estate in art subsists. Man, the noblest work of the Infinite Artist, strangely enough, battles for the finite products of his art and the secular law, operating on the temporal level, guardians material works possessing spiritual values. The enigmatic smile of Mona Lisa is the timeless heritage of mankind but, till liberated by the prescribed passage of time, the private copyright of the human maker says, "hands off".

The creative intelligence of man is displayed in multifarious ways of aesthetic expression but it often happens that economic systems so operate that the priceless divinity, which we call artistic or literary creativity in man, is exploited and masters, whose works are invaluable are victims of piffling payments. World opinion in defence of the human right

to intellectual property led to international conventions and municipal laws, commissions, codes and organisations, calculated to protect works of art. India responded to this universal need by enacting the Copyright Act, 1957.

Not the recommendations in conventions but provisions in municipal laws determine enforceable rights. Our copyright statute protects the composite cinematograph work produced by layout of heavy money and many talents but does not extinguish the copyrightable component parts in toto. The music which has merged, through the sound track, into the motion picture, is copyrighted by the producer but, on account of this monopoly, the music composer's copyright does not perish. The twin rights can co-exist, each fulfilling itself in its delectable distinctiveness. Section 14, in its careful arrangement of the rights belonging to each copyright, has certain melody and harmony to miss which is to lose the sense of the scheme.

A somewhat un-Indian feature we noticed in the Indian Copyright Act falls to be mentioned. Of course, when our law is intellectual borrowing from British reports, as admittedly it is, such exoticism is possible. "Musical work", as defined in Section 2(p), reads: "(p) musical work means any combination of melody and harmony or either of them printed, reduced to writing or otherwise graphically produced or reproduced."

Therefore, copyright music is not the soulful tune, the superb singing, the glorious voice or the wonderful rendering. It is the melody or harmony reduced to printing, writing or graphic form. The Indian music lovers throng to listen and be enthralled or enchanted by the nada Brahma, the sweet concord of sounds, the raga, the bhava, the laya and the sublime or exciting singing. Printed music is not the glamour or glory of it, by and large, although the content of the poem or the lyric or the song does have appeal. Strangely enough, "author", as defined in Section 2(d), in relation to a musical work, is only the composer and Section 16 confines "copyright" to those works which are recognised by the Act. This means that the composer alone has copyright in a musical work. The singer has none. This disenfranchisement of the musician or group of musical artists to copyright is un-Indian, because the major attraction which lends monetary value to a musical performance is not the music maker, so much as the musician. Perhaps, both deserve to be recognised by the copyright law. I make this observation only because art in one sense depends on the ethos and the aesthetic best of people, and while universal protection of intellectual and aesthetic property of creators of "works" is an international obligation, each country in its law must protect such rights wherever originality is contributed. So viewed, apart from the music composer, the singer must be conferred a right. Of course, law making is the province of Parliament, but the Court must communicate in the lawmaker such infirmities as exist in the law extant.

POINTS FOR DISCUSSION

1. Don't you think that the interpretation of the Court renders Section 13(4) otiose?
2. Examine whether this interpretation is in tune with Articles 14 and 14bis of the Berne Convention.
3. Find out the difference between the interpretation given by the two Judges on Sections 13 and 14.
4. Examine the amendment introduced to Section 14 in 1994 and Section 17 in 2012 in the light of the ratio of this case.
5. Find out the international law regarding the co-existing of right and examine the correctness of the judgment.
6. Discuss the nature of the rights of a singer or a performer in a cinematograph film.

READ

1. *Indian Performing Right Society Ltd. v. Aditya Pandey*, (2011) 47 PTC 392 (Del); *Indian Performing Right Society Ltd. v. Aditya Pandey*, (2012) 50 PTC 460 (Del).
2. *Music Broadcast (P) Ltd. v. Indian Performing Right Society*, (2011) 47 PTC 589 (Bom)

REFERENCE

- K. Ponnuswami, "Performing Right of the Intellectual Worker: Judicial Annihilation" (1986) 28 JILI 470.

Related rights under Copyright Act

Due to the development of modern technology, by the second half of the 19th century, new means of communications like sound recording, film, radio, television etc. emerged and as a result, protection of communications through these media became a serious issue. The main problem was whether these new subject-matters needed and deserved full copyright protection.²⁶ The civil law countries were reluctant in granting full copyright as they considered the subject-matter of protection as derivative from the work of the author.²⁷ This resulted in the evolution of a new category of rights, namely related rights or neighbouring rights which are similar to but less than full copyright.²⁸ Related rights are a bundle of rights granted to persons who facilitate the effective communication of the works to the public, namely, performers, phonogram producers

26. Stephen M. Stewart, *International Copyright and Neighbouring Rights* (2nd Edn., Butterworths 1989) 185.

27. Richard Arnold, *Performers' Rights* (Sweet and Maxwell 1997) 10.

28. *Ibid.*

and broadcasters. While the performers contribute intellectually to make the works enjoyable, sound recording and broadcasting are mechanical activities. Internationally the right for these groups were recognised only in 1961 by the Rome Convention. These rights were updated in 1996 through WIPO Performances and Phonograms Treaty and in 2012 by the Beijing Treaty on Audiovisual Performances. In India, the rights of the producers of sound records are treated as similar to copyright of the author. Both the performers and broadcasting organisations' rights got recognised in India only in 1994 and further updated in 2012.

Economic rights of performer

Performers' rights are species of the genus copyright and they form part of neighbouring rights.²⁹ They are so named because of the fact that such rights nearly always derive from a pre-existing work.³⁰ In the case of author's rights, the principal reason for affording protection has been economic and moral. In the case of performers' rights, economic factors were not considered relevant until the technical means to fix performances emerged. Once it became possible to exploit performances by means of the phonogram and the cinematograph film, the economic arguments in favour of the author's rights became equally applicable to performers' rights.³¹ However logically correct this argument might be, it met with stiff resistance from the part of the authors all over the world. The arguments advanced against protecting performers as enlisted by Richard Arnold include: 1) the performers are less deserving of protection since their contribution is subsidiary to that of authors, 2) granting rights to performers may prejudice the rights of authors, 3) performers' rights are an industrial relations issue, *i.e.* they are matters for collective bargaining between trade unions, 4) granting rights to performers is impracticable because of the large number of them involved in work, 5) performances does not merit protection because they are transitory, whereas copyright works have a permanent form, etc.³²

The classic definition for "performers" in international law is "actors, singers, musicians, dancers and other persons who act, sing, deliver, declaim, play in, or otherwise perform literary or artistic works"³³. Stewart lists out the basic rights given to performers under various State legislations thus: 1) the right to control the fixation of a live performance, 2) the right to control the broadcasting or communication to the public of

29. *Ibid.*, 8.

30. Stephen M. Stewart, *International Copyright and Neighbouring Rights* (Butterworths 1989) 190.

31. Richard Arnold, *Performers' Rights* (Sweet and Maxwell 1997) 4.

32. *Ibid.*, 5.

33. Stephen M. Stewart, *International Copyright and Neighbouring Rights* (Butterworths 1989) 194.

a live performance, 3) the right to control subsequent reproductions of the first fixation, 4) the right to control the broadcasting or communication to the public (including communication by cable) of such fixation.³⁴

He adds that whereas the first two are absolute rights, the right to control the subsequent reproductions of the first fixation is under the Rome Convention exercisable only if the reproduction is made for purposes different from those for which the performers gave their consent. The right to control the broadcasting or public performance of the first fixation, is also invariably granted in the form of an equitable remuneration. This is a form of compulsory licence.³⁵

Internationally, the first move towards granting rights to performers was made by the Rome Conference to revise the Berne Convention in 1928.³⁶ However, it was the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (the Rome Convention) signed in 1961 and came into force only in 1964, which went to at least some details into the issue. As the name indicates, the Convention deals with the rights of performers, phonogram producers and broadcasters and this resulted in comparative disadvantage to the performers.³⁷ Both Stewart and Arnold feel that the reason behind this was political rather than legal. It was the result of opposition from the authors, broadcasters, fearing competition and restriction of freedom and countries like the UK, having a different type of legal protection. The TRIPS Agreement is almost in tune with the Rome Convention.³⁸ A set of rights similar to that of authors including performers' moral rights was recognised for the first time in WIPO Performances and Phonograms Treaty.³⁹ But even in this Treaty the audio-visual performer is left out of protection. Only in 2012 these rights are extended to audiovisual performers by the Beijing Treaty.

In 1994 for the first time the performer in India received some protection. India, however, has not recognised the moral rights at that time.⁴⁰ It is the Copyright (Amendment) Act, 2012 that expanded the economic rights so as to encompass moral rights.

It is interesting to note that the Bombay High Court discussed this issue even before the incorporation of performers' rights into the Copyright Act, 1957. But the plight of the performers in cinematograph

34. *Ibid.*, 197.

35. *Ibid.*, 198.

36. Richard Arnold, *Performers' Rights* (Sweet and Maxwell 1997) 16.

37. See *ibid.*, 17 and Stephen M. Stewart, *International Copyright and Neighbouring Rights* (Butterworths 1989) 231. See also, Arts. 7, 10 and 13 of the Rome Convention.

The same rights are conferred on the performers, broadcasters and the phonogram producers under the TRIPS Agreement also. See, Art. 14 of the TRIPS Agreement.

38. See, Art. 14 of the TRIPS Agreement.

39. See, Art. 5.

40. S. 57, Copyright Act deals only with authors.

film remained the same till recently.⁴¹ Once the performer consents to incorporate the performance in the cinematograph film, all the rights get automatically transferred to the producer. This provision is in tune with the Rome Convention and the TRIPS Agreement.⁴² However, it is being criticised that the development of technology, such as digital recording and satellite broadcasting, has effectively brought out the serious weakness produced by such legal provisions.⁴³ They put the performer back to his position prior to the recognition of performers' rights, when the only protection of performers was contractual. This made the rights of the performer dependent on his bargaining power. The 2012 Amendment made substantial change to this by recognising the freedom of the performer to determine the terms and conditions of the transfer of rights. Performers are also entitled to mandatory share of royalty for commercial exploitation of their performance in the film.

FORTUNE FILMS INTERNATIONAL v. DEV ANAND

AIR 1979 Bom 17: (1978) 80 Bom LR 263

(CHIEF JUSTICE KANTAWALA AND JUSTICE DESAI)

JUSTICE DESAI

In order to appreciate the rival controversy, a few facts may be stated: The plaintiff (Respondent 1 before us) is a cine artiste and will be hereinafter referred to as "the cine artiste" for the sake of brevity. The appellants before us are the producers of a motion picture in Hindi language entitled "Darling Darling"; they will be hereinafter referred to as "the producers". The 2nd defendant to the suit were Navrang Cine Centre (P) Ltd., a laboratory carrying on business of processing cinematograph films; they will hereinafter be referred to as "the laboratory".

According to the producers, they engaged the Cine Artiste's services sometime in December 1972 and the production of the film commenced some time in May 1973 with the "muhurat shot". It is alleged by the producers (though disputed by the cine artiste) that in July 1973 they had entered into an agreement with one Mavani for the East Punjab territory and in July 1974 with one G.N. Shah (HUF) for the Bombay and Overseas territories. It is their case further, which is again disputed by the cine artiste, that by 1-8-1974 about eight reels of the said motion picture were completed. It is on that day that a written agreement Exhibit "A"

41. See, S. 38(4).

42. See, Art. 19 of the Rome Convention and Art. 14(6) of the TRIPS Agreement, which allows the member countries to provide for conditions, limitations, exceptions and reservations to the extent permitted by Rome Convention.

43. See, Stephen M. Stewart, *International Copyright and Neighbouring Rights* (Butterworths 1989) 199.

to the plaintiff was entered into between the producers and the cine artiste in the form of a letter written by the producers and confirmed by the cine artiste. Both sides have pleaded that some changes were thereafter orally made; but it will be sufficient for our purposes to refer only to certain arrangements recorded in the correspondence exchanged between the producers, the laboratory and the cine artiste in the form of letters, which are collectively annexed as Exhibit "B" to the plaintiff.

Now, for the purposes of disposing of this appeal, we are not inclined to attach much importance to the case of any oral variation and are of opinion that the rights of the parties must stand governed by the written agreement recorded in the letter dated 1-8-1974 (Exhibit "A" to the plaintiff) as modified, governed, controlled or clarified by the subsequent letters, part of Exhibit "B" (collectively) to the plaintiff. It may be stated that the first of the two letters which are part of Exhibit "B" bears the date 8-11-1976, but the admitted position is that the proper date is 3-12-1976, and it is this very same letter which is referred to in the next letter dated 4-12-1976; and indeed a photostat copy of the letter of the 3rd was enclosed along with the latter letter of 4th addressed by the laboratory to the cine artiste which was duly confirmed by the cine artiste.

Before dealing with the agreement (Ex. "A" to the plaintiff), it may be mentioned that the motion picture was censored on 11-5-1977. It was released in the Delhi, U.P. territories on and after 2-9-1977. According to the producers, it was released in the East Punjab territory on 30-9-1977. As far as this territory is concerned, it is the cine artiste's case that such release was a surreptitious one and without his knowledge or consent. It was also released in the Mysore and C.P.C.I. territories; but this, it is admitted, was with the knowledge and consent of the cine artiste and in accordance with the rights of the parties. It is also the producers' case that between 3-11-1977 and 23-11-1977 the laboratory had prepared and delivered thirteen prints for distribution and release in "Overseas" territory. According to the cine artiste, this was also done without his knowledge or consent and was in breach of his right under the agreement dated 1-8-1974, to which we must not turn to ascertain what exactly the rights and the reciprocal obligations of the parties were.

The agreement in the form of a letter sent by the producers and confirmed by the cine artiste records that the artiste was to perform and play as the leading male artiste for the picture. We are really concerned with clauses 6 and 7 of the said agreement and they provide as follows:

(6) ***** [₹7,00,000]

(7) The aforesaid amount shall be paid to you by procuring suitable annuity policies of LIC of India. That your work in our above picture on completion will belong to you absolutely and the copyright therein shall vest in you and we will not be entitled to exhibit the said picture until full payments as per clause 6 above are secured to you by way of annuity policies of LIC. It

is, however, agreed that upon the deliveries of the said annuity policies as per clause 6 above to you as stated above, your copyright will automatically vest in us. We, therefore, agree that until the said policies are delivered to you, we shall not release the said picture nor exhibit or distribute or exploit or part with any prints of the said picture to any party directly or indirectly for the purpose of exhibition, distribution and exploitation in the territories specified above.

[***** discussed the arguments of the parties and continued.]

The first question to be considered is whether the cine artiste is right in his contention that under the agreement recorded in the letter of 1-8-1974 the copyright in the film was agreed to be vested in him until the appellants had produced the annuity policies of the full amount of ₹7,00,000 when, it was provided that the copyright should automatically vest in the producers. The relevant words of the letter read as follows:

'... That your work in our above picture on completion will belong to you absolutely and the copyright therein shall vest in you ... It is however agreed that upon deliveries of the said annuity policies as per clause 6 above to you as stated above, your copyright will automatically vest in us.'

The short question is whether does the word "therein" refer to the work of the cine artiste in the picture or to the picture? On a fair reading of the language employed, it would appear to us that the word "therein" can only refer to the work of the cine artiste in the picture and not to the picture as a complete entity. This is also borne out by the opening portion of the sentence under consideration which provides for the work of the cine artiste in the picture belonging to him on completion, and it is the copyright in that work, which, by the subsequent part of the sentence is declared as vesting in him till the payment of the full amount of ₹7,00,000 by way of procurement of the annuity policies. Reading these provisions as sought for by the learned counsel for Respondent 1 (the cine artiste) would, in our opinion, be a strained reading not borne out by the words used nor by the construction of the sentence.

If, in our opinion, by the agreement it was agreed between the producers and the cine artiste that the copyright in the cine artiste's work in the motion picture is to vest in the cine artiste till full payment of the agreed amount is made to him, on which it would automatically vest in the producers, it becomes necessary to examine the contentions advanced at the Bar on behalf of the appellants (producers) that such a copyright was not recognised or protected by the Copyright Act, 1957. It was submitted that the Copyright Act properly read would seem to protect only "work" as therein defined and if the works indicated in the definition of "work" to be found in Section 2(y) of the Copyright Act properly considered, only "work" which is tangible in nature was protected. It was submitted that there could be a copyright in a motion picture or a cinematograph film as also in the story, scenario or music (if written on sheets or if put

on a sound track or a tape, but not otherwise), which were all tangible, but not in the performance of an artiste although it was part of component element of a film. On the other hand, on behalf of the cine artiste it was contended that the performance of an actor was covered by the definition of "artiste work" or "dramatic work" to be found in Sections 2(c) and 2(h) of the Copyright Act, 1957. Alternatively, the argument which was advanced was that a cinematograph film would include portions of the film or components of the film and an artiste's work in the film must be regarded as a component or a part of the film which would be entitled to protection as falling within the definition of "work". It becomes necessary, therefore, to examine the relevant provisions of the Copyright Act, 1957, to which our attention was drawn at the Bar, in order to consider which of the rival submissions are to be accepted.

[***** quoted Sections 2, 13, 14, 18 and 55 and continued.]

It now becomes necessary to consider in the light of these provisions whether the performance of a cine artiste in a film would be a "work" protected by the Copyright Act, 1957, and, if it were so protected, what would the rights of the cine artiste be in the case under consideration?

We will have, in this connection, to consider the submission made on behalf of the cine artiste that such performance would be covered either by the definition of "artistic work" or "dramatic work" or "cinematograph film" to be found respectively in sub-sections (c), (h) and (f) of Section 2 of the Copyright Act, 1957. If it is so covered, such performance would all within the meaning of the word "work" to be found in sub-section (y) of Section 2.

[***** the Court discussed these provisions in detail and concluded.]

These words, however, do not take the case of the cine artiste any further. The question is: whether he has any copyright in his performance? If there is and it is covered by the definition of "work" to be found in sub-section (y) of Section 2, then it will be protected notwithstanding that the copyright in the entire film, the company site work, may vest in the producers. If, however, the performance of the cine artiste do not satisfy this definition, then there is no question of any dichotomy and co-existence since there is no "work" in the cine artiste performance, which is protected by the Act. In the view that we have taken of the definition of "artistic work", "dramatic work" and "cinematograph film", it would appear that the Copyright Act, 1957, does not recognise the performance of an actor as "work", which is protected by the Copyright Act. It may be pointed out that apart from the Supreme Court case earlier referred to viz., *Indian Performing Right Society Ltd. v. Eastern India Motion Picture Assn.*⁴⁴, we had not been referred at the Bar to any judicial decision of the Supreme Court or of the High Court in India or

44. (1977) 2 SCC 820: AIR 1977 SC 1443.

of any English Court in connection with the claim of copyright of a cine artiste in his performance considered apart from the copyright in entire film. Accordingly, the matter appears to be *res integra* and is required to be decided in accordance with the statutory provisions.

[***** quoted Justice Krishna Iyer and continued.] Even if we were to proceed on the footing that there is such copyright limited to its performance in the artiste which was vested in him expressly by the agreement dated 1-8-1974, it would not follow that the cine artiste would be entitled to the injunctions as he has sought for. If we were of the opinion that agreement or subsequently he has allowed the producers the right to release the picture unconditionally in certain territories and only preserving for the protection of his interest certain specified or limited areas, certainly a cine artiste possessing such copyright (assumed) will be entitled to protection; but such protection also must be in accord with the provisions of the agreement and cannot be allowed to travel beyond it. In other words, applying the above consideration to the actual agreement the submission was that even on the assumption that the cine artiste did possess the copyright in his performance, he had either given a licence to the producers to exploit the picture in the territories not specified in clause 6 of the agreement or had indicated that he had no objection to such release or exploitation in these territories and therefore, considering either as a licence or as an enabling provision, relief by way of injunction was required to be refused in respect of these territories. In the view that we have taken that there is no such copyright (as protected by the Copyright Act, 1957), it is unnecessary to consider the result of such submission. But it appears that there is considerable force therein. However, in order to succeed as a result of such submission, the producers have to establish satisfactorily that there was no restriction on the producers in respect of the territories not specified in clause 6 of the letter dated 1-8-1974 and there was no negative covenant or prohibition against the producers in respect of the non-specified territories.

[***** the Court discussed other clauses in the agreement to find out the validity of the agreement for granting injunction and concluded that the artist is not entitled for an injunction under the Copyright Act. But the Court granted injunction on some territory based on the terms of the contract.]

POINTS FOR DISCUSSION

1. Assume that this case occurred after the introduction of the performers' right in the Copyright Act. Do you think that the decision is going to be the same? How will you interpret the agreement in the light of Sections 38A(2) and 39-A?

2. Do you think that the changes introduced in the Copyright Act, 1957, incorporating performers' rights have had any impact on the status of a cine actor?
3. Discuss the implications of the new transfer of rights' provisions introduced in 2012.
4. Do you think that the provisions included in the Copyright Act are sufficient enough to protect the interest of performers in cinematograph films and sound recordings? If not, what according to you, are the reasons behind not protecting the performers' rights in these fields?
5. Compare the position of Indian performers in films with that of their counterparts in the continental countries.
6. Discuss the nature of protection given to the performers under the WIPO Performances and Phonograms Treaty, 1996 and Beijing Treaty on Audiovisual Performances, 2012 and examine whether the Indian law is in tune with these treaties.

REFERENCES

1. Donald M. Millinger, "Copyright and the Fine Artist" (1979-80) *George Washington Law Review* 354.
2. Eugen Ulmer, "Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations" (1963) 10 *BULL CR SOC* 90, 165, 219, Parts I, II and III.
3. Herbert T. Silverberg, "Authors and Performers' Rights" (1958) *Law & Contemp Probs* 125.

Economic rights of broadcasting organisations

Under the Rome Convention the minimum rights of broadcasting organisations include the right to fix or re-broadcast their broadcasts and to reproduce certain fixations.⁴⁵ In addition, broadcasting organisations are to have the right to authorise or prohibit the communication to the public of their television broadcasts if such communications are made in places accessible to the public against payment of an entrance fee.⁴⁶ Of the three classes of neighbouring rights' subject-matter that the Rome Convention brings under protection, the Convention is least explicit about the products of broadcasting organisations.⁴⁷ The definition given to "broadcasting" under the Rome Convention implies protection for a broadcaster's technical contributions to the assembly and production, as well as for the transmission of both live and pre-recorded events and entirely apart

45. Art. 13.

46. *Ibid.*

47. Paul Goldstein, *International Copyright: Principles, Law & Practice* (OUP 2001) 201.

from any works, performances, or phonograms that may be embodied in the broadcast.⁴⁸ Protection for broadcast content may also be granted under legislation or case law securing a country's obligations under the Brussels Satellite Convention's provisions respecting programme-carrying signals.⁴⁹ The TRIPS Agreement Article 14(3) mandates minimum protection to broadcasting organisation directly or through the owners of copyright.⁵⁰ Standing Committee on Copyrights of WIPO is working to update the rights of broadcasting organisations in the context of new technological changes including streaming.⁵¹ Section 37 of the Indian Copyright Act deals with the rights of broadcasting organisations in India. Amendments to Section 39A in 2012 clarified that this right is subjected to the rights of the authors of the work. The nature of rights enjoyed by the broadcasting organisation is the subject of judicial interpretation in the following case.

ESPN STAR SPORTS v. GLOBAL BROADCAST NEWS LTD.

2008 (38) PTC 447 (Del)

(JUSTICE MUKUL MUDGAL AND JUSTICE V.K. SHALI)

JUSTICE MUKUL MUDGAL

This Regular First Appeal arises out of the judgment dated 18-2-2008 delivered by a learned Single Judge of this Court, wherein the first part deals with interlocutory relief and second part deals with the non-maintainability of the suit. The learned Single Judge had dismissed the entire suit of the appellant/plaintiff for non-compliance of Section 61 of the Copyright Act, 1957 (hereinafter referred to as the "Act"). [****]

The facts of the case briefly stated are as follows: (a) The appellant ESPN Star Sports (hereinafter referred to as the "ESS") has obtained the sole and exclusive rights/licence from various sports bodies including Cricket Australia (hereinafter referred to as the "C.A.") to televise in India various sporting events including the India versus Australia test matches, One Day International (ODI) matches and the solitary T20

48. Art. 3(f).

49. Brussels Convention, 1974, Art. 2(1).

50. Art. 14(3) read:

Broadcasting organisations shall have the right to prohibit the following acts when undertaken without their authorization: the fixation, the reproduction of fixations, and the re-broadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where members do not grant such rights to broadcasting organizations, they shall provide owners of copyright in the subject-matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).

51. See, SCCR/24/10 dt. 26-7-2012 and SCCR/15/2 dt. 31-7-2006.

cricket match to be played in Australia from 26-12-2007 onwards till 8-3-2008 and therefore, no other person, entity and/or cable operators could broadcast/telecast in India, the cricket matches without a licence from the appellant or its sole and exclusive distributor ESPN Software India Private Ltd. The appellants had granted licences to over 5000 cable operators in India to transmit their channels on their cable networks. (b) The Respondent No. 1 Global Broadcast News Ltd. is a broadcaster having a number of news channels by the name of CNN-IBN and IBN7. The Respondent No. 2, TV Today Network Pvt. Ltd. is a broadcaster which has news channel(s) by the name of "Aaj Tak" and "Headlines Today". The Respondent No. 3 Media Content and Communications Services India Pvt. Ltd. is a broadcaster having a news channel by the name of "STAR News". The Respondent No. 4, Zee News Ltd. is a broadcaster having a news channel by the name of "Zee News". The Respondent No. 5, New Delhi Television Ltd. is a news channel by the name of "NDTV 24x7". (c) After the commencement of the cricket matches, the field staff of the appellant's distributor in various locations had noticed that the news channels owned by the respondents/defendants had been unauthorisedly telecasting the signals of the cricket matches in a manner which was inconsistent with their primary obligation of being news based channel(s) showing scheduled news bulletins and/or current affairs programmes. The respondents had indulged in using/appropriating without authority, substantial portions of the footage of the appellant's channel namely Star Cricket which had telecast the test matches exclusively from 26-12-2007 to 28-1-2008 for creating programmes which they were commercially exploiting. (d) The appellant thereafter filed a suit for permanent injunction seeking orders restraining the respondents from utilising their transmission and/or using the footage for any television programme except for the usage of regularly scheduled news bulletins provided such usage would not be for more than two minutes per day. [****]

The learned Single Judge after hearing all parties to the proceedings, dismissed the suit as not maintainable for non-compliance of Section 61(1) of the Act holding that C.A. being the owner of the copyright had not been made a party to the suit under Section 61(1) of the Act. The Court also dismissed the application for injunction holding that the action of the appellant in not disclosing the full licence agreement weighed against the appellant in the matter of grant of ad interim relief. [****] quoted from the judgment, arguments of the parties, provisions in the Act and continued.]

Shri C.A. Sundaram, the learned Senior Counsel appearing for the appellant while contending that the impugned judgment and order dated 18-2-2008 be set aside, raised his arguments on a threefold basis. (i) Broadcasting reproduction rights vis-à-vis copyright in the Indian

Copyright Act, 1957. (ii) The ownership of cinematographic copyright in the cricket matches telecast in the present case. (iii) Defence of fair dealing. [***** quoted the arguments of parties and continued.]

Thus, the legislature itself by terming broadcast rights as those akin to copyright clearly brought out the distinction between the nature of two rights in Indian Copyright Act, 1957. This was a clear manifestation of the legislative intent to treat copyright and broadcasting reproduction rights as distinct and separate rights. Further, it is to be seen that the Amendment Act of 1994 while amending the Act not only extended such rights to all broadcasting organisations, but also clearly crystallised the nature of such rights. Hence, in our view, the contention of the respondent that the broadcast reproduction right as a special right, does not stand de hors copyright and that the two rights are not mutually exclusive, cannot be sustained as it is clearly seen from the legislative intent that the two rights though akin are nevertheless separate and distinct.

Furthermore, under Section 37 of the Act, broadcast reproduction right has been defined as a special right available to every broadcasting organisation qua its broadcasts. The term "broadcast" has been separately defined under Section 2(dd), as a communication to the public. It is thus evident that there could be both copyright and broadcasting reproduction right which could separately co-exist. As an example the copyright of cinematography film being broadcast on a satellite channel vests with the producer of the film whereas the broadcast reproduction right for the same vests with the broadcaster channel itself. The recording of such movie and unauthorised re-telecast by cable operators could thus result in violation of two separate rights. The first being the copyright which vests with the producer and second the broadcast reproduction right which vests with the broadcaster channel. These rights may vest with two different persons or even with the single person which is evident from the Act. Section 51 of the Copyright Act deals with acts constituting infringement of a copyright and Section 37(3) separately deals with acts constituting infringement of broadcast reproduction rights. Emphasis have been placed upon Section 39-A which provides that Sections 18, 19, 30, 53, 55, 58, 64, 65 and 66 shall with any necessary adaptations and modifications apply in relation to the broadcast reproduction right in any broadcast. This clearly showed the legislative intent as to which provision of the Act would apply to both copyright and also broadcast reproduction right and by necessary implication sections not so specifically provided would not ipso facto apply to the broadcast reproduction right. Sections 13 and 14 of the Copyright Act make it clear that copyright will subsist only in "work" and that does not include "broadcast". This clearly demonstrates that the broadcast rights particularly in respect of telecast of live events are separate and distinct from copyright available in Chapter XII of the Act. The definition of

"broadcast" under Section 2(dd) and the definition of "communication to the public" under Section 2(ff) of the Act further emphasise the fact that Section 61 is not applicable to the proceeding for infringement of broadcasting reproduction right and that application of Section 61 is limited to the cases where an exclusive licensee of a copyright institutes a suit or proceeding for infringement of copyright.

The learned counsel for the respondent Shri Soli Sorabjee has contended that Section 61 of the Act is mandatory. Its effects and operation are neither excluded nor non-limited by any non obstante clause or by making said section subject to any other provision of the Act. The non-mention of Section 61 in Section 39-A cannot by "implication" curtail the operation of Section 61. The significant words in Section 39-A are "with any necessary adaptations and modifications". However, the very fact that Section 61 from Chapter XII has been specifically left out of the provisions which with necessary adaptations and modifications apply in relation to the broadcast reproduction rights, clearly shows that the legislative intent was not to apply Section 61 to the broadcast reproduction rights. This view of ours is strengthened by the specific mention of Sections 18, 19, 30, 53, 55, 58, 64, 65 and 66 as the provisions which apply to broadcasting rights with necessary adaptations and modifications. Consequently, it is open to the broadcaster to initiate the suit for infringement of such rights without joining the original licensee as Section 61 does not apply to broadcast reproduction rights. Section 61(1) and (2) demonstrate that said section is really for the benefit of the copyright owner so as to prevent any claim to a right or title adversarial or contrary to the interest of the owner of the copyright. We are thus unable to agree with Mr Sorabjee's plea that Section 61 would by necessary implication apply, because it is not as if the legislature had provided that relevant provisions of the Chapter XII would apply with necessary modifications and adaptations to the broadcasting reproduction rights. In the present case, the legislature has picked out such of the provisions of Chapter XII and various other Chapters which would apply. This indicates the legislative intent to apply only such specified provisions in particular Chapters of the Act to broadcasting reproduction right and when certain provisions of the Chapters are applied then it necessarily indicates that the other provisions of the Chapter are not to be applied.

Thus, in our view the above distinction clearly indicates that Parliament clearly intended to provide separate and distinct rights to the broadcasting organisations to protect their rights against third parties. Satellite broadcasting rights are treated as separate rights and the said rights are recognised throughout the world as independent rights. This is also entirely in keeping with several radical technological advances in the field of telecommunications which could not have been contemplated when the 1957 Act was enacted. [***** referred to *Raj Video Vision v. Sun*

T.V.⁵², *Video Master v. Nishi Productions*⁵³ and the agreement between the parties and continued with the issue of fair dealing of the signal.]

Thus, to sum up after considering the various aspects of the satellite broadcasting:

A. We hold that the broadcast reproduction rights as contended by the appellant are to be treated as separate, distinct and independent rights. We are therefore, unable to agree with the interpretation of the impact of Section 61 of the Act, which the learned Single Judge has preferred to adopt.

B. We are also unable to subscribe to the view taken by the learned Single Judge that non-compliance of Section 61 of the Act leads to the legal position in the present case where the suit of the appellant warranted dismissal of the suit on account of not making the original owner Cricket Academy (C.A.) a party as per the mandate of Section 61 of the Act.

C. In our view, Section 61 of the Act having been specifically left out by the legislature by virtue of Section 39-A of the Act specifying the applicable provisions of Chapter VIII of the Act to broadcast reproduction rights, clearly rules out the applicability of Section 61 of the Act and the learned Single Judge's view therefore does not commend itself for approval by us.

D. We also hold that even if we assume that Section 61 of the Act were to apply, the dismissal of the suit was not justified in view of the independent copyright owned by the appellant in the eventual telecast comprising of vital inputs by the appellant. [*****]

POINTS FOR DISCUSSION

1. Examine the definition of "broadcast" in the Act and discuss whether it covers only the signals carrying the content or the content or both.
2. Examine whether re-broadcast will cover both simultaneous broadcast and deferred broadcast.
3. Examine the definitions of "broadcast" and "communication to public" and discuss the relationship between copyright and broadcast reproduction right.
4. Does the right of communication to public cover "broadcast"? Do you agree with the observation of the Court in this regard?
5. Discuss whether live sports event is a "work" covered under copyright. Is it possible to have an independent broadcast reproduction right in a live event which is not an work?
6. Discuss the exact scope of broadcast reproduction right. Whether it covers webcasting and simulcasting?

52. (1994) 2 LW 158 (Mad).

53. (1998) 18 PTC 117; 1997 Arb LR 47 (Bom).

7. Does broadcast reproduction right cover rights over the contents of the broadcast?
8. Examine the scope of Section 39-A proviso as amended in 2012 with reference to the protection of the owners of the content in the broadcast.
9. Discuss the international attempts in WIPO to protect the broadcasting organisations in the context of digital transmission through computer networks.

REFERENCE

Louis G. Caldwell, "The Piracy of Broadcast Programs" (1930) 30 CLR 1087.

EXERCISE

Read *ITV Broadcasting Ltd. v. TV Catchup Ltd.*, Case C-607 of 2011, decided on 7-3-2013 (ECJ) Court of Justice of the European Union (Fourth Chamber) C-607/11, 7-3-2013, available at <<http://curia.europa.eu/juris/document/document.jsf?docid=134604&mode=req&pageInde x=1&dir=&occ=first&part=1&text=&doclang=EN&cid=859830>> and critically analyse, in the light of the demand to protect retransmission of traditional broadcasting signals in the internet in the draft proposal of WIPO for a treaty to protect broadcasting organisations, the following statement of the Court:

Given that the making of works available through the retransmission of a terrestrial television broadcast over the internet uses a specific technical means different from that of the original communication, that retransmission must be considered to be a 'communication' within the meaning of Article 3(1) of Directive 2001/29. Consequently, such a retransmission cannot be exempt from authorisation by the authors of the retransmitted works when these are communicated to the public.

RIGHTS UNDER PATENT LAW

Section 48 of the Patents Act, 1970 deals with the rights of patentees. When the subject-matter of the patent is a product, the section explains the rights as the exclusive right to prevent third parties, who do not have the consent of the patentee, from making, using, offering for sale, selling or importing⁵⁴ for those purposes that product in India.

However, no case law is available in India in this area. Therefore, we have to refer to foreign case law for a clear understanding of the possible

54. However, this provision is subject to the other provisions contained in the Act and S. 107-A(b) categorically states that importation of patented products by any person from a person who is duly authorised under the law to produce and sell or distribute the product shall not be considered as infringement of patent rights.

scope of such rights. It is recommended that for understanding the scope of some of the rights it is highly desirable to refer to the following cases:

1. *Smith Kline & French Laboratories Ltd. v. R.D. Hardbottle Ltd.*, 1980 RPC 363; 1979 FSR 555.
2. *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 61 L Ed 871; 243 US 502 (1917).
3. *Beecham Group v. Bristol Laboratories*, 1977 FSR 217; 1978 RPC 153.

EXHAUSTION OF RIGHTS

In every intellectual property law it is necessary to decide which steps in a chain of production and distribution require the licence of the right owner: manufacture, first sale, subsequent sales and other dealings, export and import, use, etc.⁵⁵ The exhaustion, or "first sale", doctrine implies that once the owner of intellectual property has parted with title to a copy of his creation, the buyer is under no obligation to negotiate with him for the subsequent sale or transfer of the copy.⁵⁶ In other words, usually it is considered that the rights of the intellectual property owner are exhausted after first sale by him or with his consent. The principle that once a copy is sold that copy can freely move anywhere is commonly known as international exhaustion. If this doctrine is confined to first sales within the territory of the country granting intellectual property, it is known as national exhaustion. In a nation that follows national exhaustion, owner of intellectual property rights enjoys the right to prohibit importation of the work/product into its territory. Internationally this right is left open and countries are free to take a decision based on the domestic requirements. Article 6 of the TRIPS Agreement makes this position clear.⁵⁷ Under the different intellectual property laws of India the principle of exhaustion of right is reflected in different languages resulting in conflicting judicial interpretations as to whether India follows international or national exhaustion. While there are express provisions in the Patents⁵⁸ and Trade Marks⁵⁹ Acts showing that the policy option is international exhaustion, there is no such provision in the Copyright Act. Copyright Act also has no express provision recognising the right of importation. This would in fact enable parallel importation of works.

55. W.R. Cornish, *Intellectual Property Law* (4th Edn., Sweet & Maxwell) 41.

56. Paul Goldstein, *International Copyright: Principles, Law and Practice* (OUP 2001) 306.

57. Art. 6 reads:

For the purposes of dispute settlement under this Agreement, subject to the provisions of Arts. 3 and 4, nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.

58. See, S. 107 A(b).

59. See, S. 30(3).

"Parallel importation" means transportation of "legitimate" goods which are available at a cheaper rate in one country by independent buyers (e.g. book sellers), for sale in another country. This could act as an effective check on creating monopoly in market. Hence, it is an important aspect to be borne in mind for a developing country like India.

Since there is no international obligation against parallel importation,⁶⁰ nothing prevents the court from taking the stand that unless there is an express provision conferring importation rights on the owner of copy-right or prohibiting parallel importation, it need not be considered to be prohibited in India. Unfortunately courts in India took different stands. These cases are discussed below.

Exhaustion of right in trade mark

KAPIL WADHWA v. SAMSUNG ELECTRONICS CO. LTD.

(2012) 53 PTC 112 (Del)

(JUSTICE PRADEEP NANDRAJOG AND
JUSTICE SIDDHARTH MRIDUL)

JUSTICE PRADEEP NANDRAJOG

The interesting issue, in the field of the trade mark law, which arises for consideration in the instant appeal has an immense bearing on trade and commerce in India. This perhaps is the reason why the learned Single Judge has laboriously dealt with the issues and has painstakingly coalesced the arguments and collaged the ratio of law in 30 judicial pronouncements. While chartering the voyage the learned Single Judge has steered the ship in the choppy waters guided by what he saw to be lighthouses. Since we are re-navigating the same waters, our job in appeal would be to see: Whether what were perceived to be lighthouses were actually mirages, and due to which, on the wrong belief that these were rocky areas, the course of the ship was steered in a wrong direction to reach a wrong port of destination. The waters are that the respondents ("Samsung Electronics Company Ltd." and "Samsung India Electronics Pvt. Ltd.") are companies incorporated as per laws of Korea and India respectively; the latter being a subsidiary of the former. They are a part of "Samsung Group of Companies" having 14 listed companies and 285 worldwide operations. The respondents manufacture and trade in electronic goods such as colour televisions, home appliances, washing machines, microwaves, air-conditioners, computers, printers and cartridges, etc. The business is done under the brand name/corporate name using the trade mark "SAMSUNG/Samsung". In India, the first

60. See, Art. 16 of the Berne Convention and Art. 6 of the TRIPS Agreement.

respondent has licensed the use of the trade mark "SAMSUNG/Samsung" to the second respondent as per Trade Mark Agreement dated 8-7-2003 which has been filed for registration in the Trade Marks Registry.

[**** discussed the profile of the parties and continued.]

The grievance of the respondents is that the appellants are purchasing, from the foreign market, printers manufactured and sold by Respondent No. 1 under the trade mark "SAMSUNG/Samsung" and after importing the same into India are selling the product in the Indian market under the trade mark "SAMSUNG/Samsung" and are thereby infringing the registered trade mark of the respondents in India. Respondents allege that the appellants operate their website by meta-tagging the same to the website of the respondents. Respondents allege that not only this constitutes an infringement of their registered trade mark in India, but also allege injury caused to the consumer in India who may be paying less for the printers in question, but are misled to believe that they are purchasing an authorised Samsung product in India sold with the permission of the respondents, in ignorance of the fact that the printers imported and sold by the respondents are materially different to the ones which are sold in the Indian market by the respondents. The rival version pleaded by the appellants is that the act of importation and sale of printers in India is authorised and the sale in the Indian market is legal and valid inasmuch as the appellants sell the product as it is. The respondents highlight that their act of import and sale is beneficial to the Indian public evidenced by the fact that the respondents are able to sell the product at prices less than 30 per cent to 50 per cent of the compatible product sold by the appellants in India. The appellants bring home the point that the respondents do not manufacture the printers in India. Even they import the printers from abroad. To illustrate, a compatible product SCX-4623F/XSA, after importing in India is sold by the appellants for ₹9,500 and the printer SCX-3201FN/XIP is sold by the respondents after importing the same into India for ₹18,999. To which stand of the appellants, the respondents plead that there is a difference in the features of the compatible products and highlight that the injury caused to the Indian consumer, who may pay less for a compatible product, is that the consumer buys the product of the appellant thinking that it is having the same features as that of the product sold by the respondents.

The issue pertains to what is popularly known as parallel-imports/ grey-market goods. The learned Single Judge has obviously held in favour of the respondents, who were the plaintiffs, and this explains the defendants being the appellants before us in an intra-Court appeal.

The port of destination:

Whether the Trade Marks Act, 1999 embodies the international exhaustion principle or the national exhaustion principle when the registered proprietor of a trade mark places the goods in the market under

the registered trade mark. The port of destination reached by the learned Single Judge: The Trade Marks Act, 1999 embodies the national exhaustion principle.

The lighthouses seen by the learned Single Judge while chartering the voyage: Section 29 and Section 30 of the Trade Marks Act, 1999 fell for consideration and interpretation.

[**** discussed the decision of the Single Judge and continued.]

The reasoning of the learned Single Judge can be identified with reference to 6 lighthouses seen by the learned Single Judge and the ship steered accordingly. Ignoring the discussion in paragraphs 123 to 136 of the impugned judgment and the case law noted therein, where the appellants had latched on to an admission made by the plaintiffs/respondents in paragraph 17 of the replication that India follows the Principle of International Exhaustion, and the conclusion arrived at with reference to case law noted, that there cannot be any estoppel pleaded against a statute, a correct view taken by the learned Single Judge because an erroneous admission on a principle of law by a party would have no relevance while determining rights and liabilities incurred or acquired, in view of the axiomatic principle, without exception, that there cannot be an estoppel against a statute; and rightly did learned counsel for the appellants so concede in the appeal.

[**** discussed the six points decided by the Single Judge and continued.]

The journey re-chartered: [**** discussed the provisions and continued.]

The learned Single Judge has correctly held, and this flows from a bare reading of the various sub-sections of Section 29, that (refer sub-section 1) a registered trade mark is infringed by a person who is not a registered proprietor or a permitted user when he uses, in the course of trade, the said mark or (refer sub-section 2) uses a mark which is likely to cause confusion or which is likely to have an association with the registered trade mark or (refer sub-section 3) uses a mark which is identical or similar to the registered trade mark or (refer sub-section 5) uses a registered trade mark as his trade name or part of his trade name or name of his business concern while dealing in goods or services in respect of which the trade mark is registered, or (refer sub-section 6) affixes the mark to goods or packaging thereof or exposes the goods for sale by putting them on the market or imports or exports goods under the mark. In the context of the question which we have to answer, we agree with the reasoning of the learned Single Judge that in view of sub-clause (c) of sub-section 6 of Section 29 where reference is to import as well as export of goods, in the context of Section 29 of the Trade Marks Act, 1999 even import of genuine goods under a trade mark which is registered in India

and proprietorship whereof vests in some third party in relation to the description of the goods would constitute an act of infringement.

However, the conclusion drawn by the learned Single Judge in paragraph 26 of the impugned decision, that this expresses the legislative intent to put barriers on importation, in our opinion is a pre-mature conclusion inasmuch as the necessary conclusion ought to have been drawn after Section 30 had been analysed for the reason Section 30 operates as, if we may use the expression, and exception to Section 29. Sub-section 1 and sub-section 2 of Section 30 stipulate conditions where the use of a mark by a person who is not the registered proprietor of the trade mark in question would not make the use actionable by the registered proprietor of the trade mark in question. As per sub-clause (b) of sub-section 2 of Section 30 if a trade mark is registered subject to any condition or limitations, the use of the trade mark in relation to goods to be sold or traded in any place and in relation to goods to be exported to any market would not constitute an infringement.

We have reasoned here-in-after in para. 53, as to what would be the use of the adverb "any" before the noun "market" in clause (b) of sub-section 2 of Section 30 to bring home the point of the contextual usage requiring the pronoun "any" to be a determiner and thus "any market" in the context of "goods to be exported" meaning the global market. But since various sub-sections of Section 30 contemplate different situations where, notwithstanding Section 29, the proprietor of the registered trade mark cannot prevent the use of the registered mark by other persons, various sub-sections of Section 30 have to be construed with reference to the situation contemplated with respect to the use of the registered trade mark and said use not being capable of being prevented by the registered proprietor of the trade mark. And this takes us to an analysis of sub-section 3, which is the core section on which the issue would be resolved.

[***** discussed the approach taken by the Single Judge and continued.]

The erroneous approach has led the learned Single Judge to take the discussion forward, in paragraph 45, that this would mean that unless goods are imported into India by the consent of the registered proprietor of the trade mark (registration being in India) the act of importation is not permitted as per sub-section 3 of Section 30. In other words, "lawfully acquired" in sub-section 3 of Section 30 have been read as acquisition by consent for the purposes of import.

[***** reproduced the section and explained the same and continued.]

[W]e revisit sub-section (3). It can be broken into three segments: (i) goods bearing a registered trade mark are lawfully acquired by a person; (ii) the sale of the goods in the market by that person; and (iii) not constituting infringement of the trade mark.

In para. 51 the learned Single Judge has correctly noted that the statute book does not reflect as to what was the source contemplated

by the legislature with reference to goods bearing registered trade mark being lawfully acquired, but has abruptly jumped to a conclusion, in the very next paragraph, *i.e.* para. 52 with a conclusion drawn further in paragraph 53 in the following words:

52. The use of the word 'where the goods bearing a registered trade mark are lawfully acquired by a person' and the possible interpretation of Section 30(3) so as to include import by reading Section 30(3) in isolation with sub-clause (b) ignoring clause (a) will result in anomalous results or what can be termed as absurd results under the principles of interpretation.

53. It is well settled cannon of interpretation that the Courts must do their endeavors to read the provisions plainly so as to give harmony between the two provisions and interpretation which renders any provision otiose or redundant must be eschewed.

Now, sub-clause (a) of sub-section 3 of Section 30 deals with a situation where the registered proprietor of a trade mark sells the goods bearing the trade mark to a person and thereafter assigns the registered trade mark to another person. Said another person cannot oppose further dealing in those goods by the person who has acquired those goods bearing the trade mark. The sub-clause operates in a well-defined territory of its own. The situation contemplated by sub-clause (b) is the goods having been put on the market under the registered mark by the proprietor or with his consent and are lawfully acquired by a person and the further sale of the said goods in the market. It is here, where the issue of lawful acquisition of the goods, when put in the market and further sold in the market arises for consideration, and whatever be the view taken, *i.e.* the market contemplated being the international market or the domestic market, would not make sub-clause (a) otiose.

The further reasoning of the learned Single Judge in paragraphs 56 to 58 is an extension of the error afore noted. We quote: [***** quoted from the Single Judge and continued.]

Let us re-write sub-section 3 of Section 30 with reference to sub-para (a) and sub-para (b) thereof. (1) Where goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of the registered trade mark having been assigned by the registered proprietor by some other person after the acquisition of those goods. (2) Where goods bearing a registered trade mark are put on the market and are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of further sale in the market.

The two situations are distinct and operate in mutually exclusive areas and the question of any one being interpreted in a manner to render the other otiose does not arise. The illustration given in paragraph 59 by the learned Single Judge, to make out, as concluded in paragraph 60 the

absurdity flowing and the havoc (the word used by the learned Single Judge in paragraph 60) which would be created, in our opinion is seeing a ghost, when none exists.

The learned Single Judge has made good his reasoning and the conclusion with reference to the example of Samsung goods purchased in the market at Hong Kong and imported into India and in the meanwhile the Indian entity of Samsung selling the brand name to some other company for Indian territory. The learned Single Judge has opined that havoc would be created because the assignee would not be in a position to control the inflow of the goods. But where is the havoc? Merely because the assignee of a trade mark cannot prevent the further sale of goods which were lawfully acquired prior to the assignment, is not a situation of a havoc. The reason is that it would be presumed that the assignee knew that the assignor has already placed, under the trade mark, certain goods in the market and that the right of the assignee would not be to prevent further dealing in the goods already placed on the market. Thus, whether the goods are placed in the international market or in the domestic market and thereafter the assignment takes place is not a relevant consideration while interpreting sub-section (3) of Section 30 with reference to sub-para (a) and sub-para (b) thereof.

[**** quoted from the Single Judge and continued.]

There is no law which stipulates that goods sold under a trade mark can be lawfully acquired only in the country where the trade mark is registered. In fact, the legal position is to the contrary. Lawful acquisition of goods would mean the lawful acquisition thereof as per the laws of that country pertaining to sale and purchase of goods. Trade mark law is not to regulate the sale and purchase of goods. It is to control the use of registered trade marks. Say for example, there is food scarcity in a country and the sale of wheat is banned except through a canalising agency. Lawful acquisition of wheat in that country can only be through the canalising agency. The learned Single Judge has himself recognised that the law of trade marks recognises the principle of international exhaustion of rights to control further trade of the goods put on the market under the trade mark. The task of the learned Single Judge thus was to resolve the impasse in the Indian law, and thus the presumption/assumption in paragraph 68(c) could not be the point to resolve the textual context in which the learned Single Judge has discussed in paragraph 68(d).

Thus, the conclusion arrived at by the learned Single Judge, which we note has preceded a lot of reasoning done by the learned Single Judge after the conclusion has been arrived at, in paragraphs 56 and 57, that Section 30(3)(a) presupposes the existence of three actors: (i) the trade mark proprietor, (ii) the trade mark assignee, and (iii) the acquirer of the goods in the same market, is incorrect.

[**** referred to the legislative provisions in European Union, United Kingdom, Australia, Brazil, Turkey, Singapore and Hong Kong and continued.]

With reference to the seven statutory provisions, it would be relevant to note that the legislature in said seven jurisdictions abroad has clearly indicated the legislative intent to either follow the principle of international exhaustion or national exhaustion. For example, Brazil and Turkey, which have incorporated the principle of national exhaustion, have used the clear expressions: "products placed on the internal market" and "the product has been put on the market in Turkey" respectively. The European Union and United Kingdom have used the clear expression "market in the community" and "market in the European Economic Area" respectively to define the market as neither domestic nor international but expanded/confined to the entire European community. Similarly the legislation in Singapore and Hong Kong uses well defined expressions "goods which have been put on the market, whether in Singapore or outside Singapore" and "put on the market anywhere in the world".

From paragraph 71 onwards till paragraph 85, the learned Single Judge has referred to the U.K. Trade Marks Act, 1994 and has highlighted that in United Kingdom the words "in the European Economic Area" after the words "the market" have given a wider effect by widening the concept of market. Not finding any such expressions which expressly expand the scope of "the market" in the Indian statute, the learned Single Judge has opined that the legislative intent was obviously to restrict the expression as confined to the Indian market.

The conclusion arrived at by the learned Single Judge ignores that legislations abroad, wherever the intent was to confine "the market" to the domestic market have expressly used words to so indicate; to wit, Brazil and Turkey. Thus the neutral expression "the market" without the legislature adding words to indicate whether it was the domestic or the international market which was in the mind of the legislature does not justify the conclusion arrived at by the learned Single Judge as the only logical conclusion.

[**** referred to the interpretation of Section 30(4) and continued.]

At the core of the matter, as indeed it has to be when a statute is interpreted, is the plain language of the statute, and we have already reproduced the same, *i.e.* Section 29 and Section 30 of the Trade Marks Act, 1999, in paragraph 7 herein above. The word "market" finds a mention five times in Section 29 and Section 30: (i) Section 29(6)(b)—"on the market"; (ii) Section 30(2)(b)—"any market"; (iii) Section 30(3)—"in the market"; (iv) Section 30(3)(b)—"on the market"; and (v) Section 30(4)—"on the market".

With dictionary in hand, we may record at the outset that the usage of the word "any" mentions two usages—as an adverb or as a pronoun and determiner. The word "market" is a noun. Thus the word "any" in "any market" has to be used as a pronoun and not a verb. In Section 30(2)(b), the words "any market" find a mention in the phrase "in relation to goods to be exported to any market". Thus, used as a pronoun in Section 30(2)(b), in the context of the usage, *i.e.* "exported" to any market, it implying a global market and therefore the word "any", works as a determiner in this particular context only. The word "the" is a definite article. Its use before the word "market" in Section 29(6)(b), 30(3), 30(3)(b) and 30(4), notwithstanding "the" being an definite article, is not used to specify a particular market but is used only to demarcate an economic area or space as distinguished from other spaces, whether public or private. Therefore, it cannot be concluded that merely because "any market" in Section 30(2)(b) means the global market, it must logically be inferred that reference to "the market" refers to the domestic market. We are of the opinion, the external aid to interpret the statute, *i.e.* Statement of Objects and Reasons was a most appropriate tool to be used.

While introducing the Trade Marks Bill, 1999, clause 30, which ultimately found itself as Section 30, was explained in the Statement of Objects and Reasons, inter-alia in the following words:

Sub-clauses (3) and (4) recognize the principle of 'exhaustion of rights' by preventing the trade mark owner from prohibiting on ground of trade mark rights, the marketing of goods in any geographical area, once the goods under the registered trade mark are lawfully acquired by a person. However, when the conditions of goods are changed or impaired after they have been put on market, the provision will not apply.

The expression "in any geographical area", in the Statement of Objects and Reasons to the Trade Marks Bill, 1999 clearly envisage that the legislative intent was to recognise the principle of international exhaustion of rights to control further sale of goods once they were put on the market by the registered proprietor of the trade mark. But the argument was that it hardly matters if the blacksmith proclaims that he has fabricated a spade, if one can visually see that the tool fabricated has a long handle with a thin metal blade, *i.e.* a hoe. The fabricated implement has to be called a hoe.

We can see no hoe and thus the logic of the argument is wanting. If the fabricated implement does not clearly define its features and there is a reasonable ground to dispute whether it is a spade or a hoe, the claim of the blacksmith has to be taken into account. On the subject of an external aid to interpret a statute, suffice would it be to state that whereas debates in the legislature, being the reasons of the speakers, may be at a lower pedestal the Statement of Objects and Reasons of the Bill would

stand on a much higher pedestal, and especially when the Statement of Objects and Reasons clearly states that the proposed law is based on the principle of international exhaustion of rights; it would be difficult in such a situation to ignore such a strongly expressed statement while considering the statute.

Undisputedly, preceding the TRIPS Agreement, when the international community debated, and what we colloquially speak of as the Uruguay Discussions, the Indian position was to permit parallel imports. Communications from India at the Uruguay Round of the General Agreement on Tariffs and Trade dated 10-7-1989 on "Standards and Principles Concerning the Availability, Scope and Use of Trade Related Intellectual Property Rights" clearly brings out that India favoured the doctrine of exhaustion of rights linked to parallel imports. It is not in dispute that Article 6 of the TRIPS Agreement has left it to the discretion of the member States to either adopt or not to adopt any principle of exhaustion of rights linked to parallel imports.

In this context it needs to be highlighted that when the Copyright Amendment Bill, 2010 was introduced, to amend the Copyright Act, 1957, in the report presented by the Rajya Sabha Standing Committee, in paragraph 7.12 it was indicated as under:

7.12 Committee was also given to understand by the representatives of the publishing industry that Scheme of the Copyright Law was entirely different from the Trade Marks Act, 1999 and the Patents Act, 1970. The application of the standards and principles of these two laws through the proposed amendment of Section 2(m) would completely dismantle the business model currently employed, rendering several industries unviable. On a specific query in this regard the Department informed that the concept of International Exhaustion provided in Section 107A of the Patents Act, 1971 and in Section 30(3) of the Trade Marks Act, 1999 and in Section 2(m) of the copyright law were similar. This provision was in tune with the national policy on exhaustion of rights.

Mr Pravin Anand, learned counsel for the respondents had drawn our attention to the views expressed by international bodies such as International Trade Mark Association, International Chamber of Commerce and International Association for the Protection of Intellectual Property and had highlighted therefrom the gains and the losses to the stakeholders if the principle of national exhaustion or the principle of international exhaustion was adopted; and had highlighted that the gains from the adoption of the principle of national exhaustion far outweighed the gains to the consumer from the adoption of the principle of international exhaustion. Learned counsel had highlighted that from an economic point of view, the principle of national exhaustion was more favourable. [*****] Learned counsel for the respondents had also highlighted that from an economic perspective, national exhaustion would

be more beneficial because it encourages foreign investments to flow into India; for brand owners would set up manufacturing units in India. But, if the principle of international exhaustion is applied, there would be no incentive to set up manufacturing units in India because the brand owner would face competition as his goods sold abroad, at a lesser price in poor countries, would be imported and sold in the Indian market. Learned counsel urged that the foreign direct investment in the manufacturing sector would create jobs. Indigenous brands would be encouraged to compete with international brands and this would enhance the quality of the products as also the market forces would themselves ensure fair prices to the consumer due to competition amongst the various players.

This is a matter of policy, and it is for the legislature to take a call. A statute cannot be interpreted on the reasoning aforesaid. It may be true that in a poorly developed country, with hardly any infrastructure, import of goods from the foreign shores may be the only way out and for developed countries, industrialisation may be the only way forward. However, for developing economies like India, neither situation would be a win-win situation; and thus the need for the legislature to decide as to on which side of the fence should the playing field be laid.

But we must note that the adoption of the principle of national exhaustion may not necessarily encourage industry to be set up in that country, as in the instant case, a manufacturer abroad may simply get its trade mark registered in a country and import goods manufactured by it in a foreign country. Dual pricing may cause injury to the consumer...

[***** referred to arguments and continued.]

With reference to sub-section 4 of Section 30 of the Trade Marks Act, 1999 it would be relevant to note that further dealing in the goods placed in the market under a trade mark can be opposed where legitimate reasons exist to oppose further dealing and in particular where the condition of the goods has been changed or impaired. With respect to physical condition being changed or impaired, even in the absence of a statutory provision, the registered proprietor of a trade mark would have the right to oppose further dealing in those goods inasmuch as they would be the same goods improperly so called, or to put it differently, if a physical condition of goods is changed, it would no longer be the same goods. But, sub-section 4 of Section 30 is not restricted to only when the conditions of the goods has been changed or impaired after they have been put on the market. The section embraces all legitimate reasons to oppose further dealings in the goods. Thus, changing condition or impairment is only a specie of the genus legitimate reasons, which genus embraces other species as well. What are these species? (i) Difference in services and warranties as held in the decisions reported as *SKF USA*

v. *International Trade Commission*⁶¹, *Fender Musical Instruments Corpn. v. Unlimited Music Center Inc.*⁶², and *Osawa & Co. v. B&H Photo*⁶³. (ii) Difference in advertising and promotional efforts as held in the decisions reported as *Pepsi Co. Inc. v. Reyes*⁶⁴ and *Osawa & Co. v. B&H Photo*⁶⁵. (iii) Differences in packaging as held in the decision reported as *Ferrero USA v. Ozak Trading*⁶⁶. (iv) Differences in quality control, pricing and presentation as held in the decision reported as *Societe Des Produits Nestle, SA v. Casa Helvetia Inc.*⁶⁷. (v) Differences in language of the literature provided with the product as held in the decisions reported as *SKF USA v. International Trade Commission*⁶⁸, *Pepsi Co. Inc. v. Reyes*⁶⁹ and *Original Appalachian Artworks Inc. v. Granada Electronics Inc.*⁷⁰ Now, as we see it, this can only happen in case where goods have to be imported from a country of manufacture or a country where they are put on the market thereof, and then imported into India. Only then would there be a difference in the language of the literature provided with the product; difference in services and warranties in the country from where the goods are imported by the seller and the country of import, i.e. the manufacturer's warranties not being available in the country of import; difference in quality control, pricing and presentation as also differences in advertising and promotional efforts. This is also an indication of India adopting the principle of international exhaustion of rights in the field of the trade mark law. We accordingly conclude that "the market" contemplated by Section 30(3) of the Trade Marks Act, 1999 is the international market, i.e. that the legislation in India adopts the principle of international exhaustion of rights.

That leaves the last submission of the respondents, that in view of Section 30(4) they are entitled to oppose further dealings by importers of their printers to India. It is not the case of the respondents that the appellants are changing the condition of the goods or impairing the goods which are put in the foreign market by Respondent No. 1 or its subsidiary companies abroad. What is pleaded is that the physical features of the printers sold abroad are different from the features of the printers sold in India. But this is irrelevant as long as the goods placed in the international market are not impaired or condition changed. It is pleaded that the respondents have no control pertaining to the sale, distribution and

61. 423 F 3d 1307 (Fed Cir 2005).

62. 35 USPQ 2d 1053 (1995).

63. 589 F Supp 1163 (SDNY 1984).

64. 70 F Supp 2d 1057; 50 USPQ 2d 1696 (CD Calif 1999).

65. 589 F Supp 1163 (SDNY 1984).

66. 753 F Supp 1240 (1991).

67. 982 F 2d 633; 25 USPQ 2d 1256 (1st Cir 1992).

68. 423 F 3d 1307 (Fed Cir 2005).

69. 816 F 2d 68, 76 (2nd Cir 1987).

70. 816 F 2d 68; 2 USPQ 2d 1343 (2nd Cir 1987).

after sales services of its goods which are imported by the appellants and sold in India. Now, the principle of international exhaustion of rights itself takes away the right of the respondents to control the further sale and further distribution of the goods. With respect to after sales services, since the respondents do not warranty anything regarding their goods sold abroad, but imported into India and further sold, they not being responsible for the warranty of those goods, nothing turns thereon, as regards said plea. There may be some merit that the ordinary consumer, who is provided with warranties and after sales by the appellants, on not receiving satisfactory after sales service, may form a bad impression of the product of the respondents and thus to said extent one may recognise a possible damage to the reputation of the respondents pertaining to Samsung/SAMSUNG printers and Samsung/SAMSUNG products sold in India after importation. But, this can be taken care of by passing suitable directions requiring the appellants to prominently display in their shop that the Samsung/SAMSUNG printers sold by them are imported by the appellants and that after sales services and warranties are not guaranteed nor are they provided under the authority and control of the respondents and that the appellants do so at their own end and with their own efforts. This would obviate any consumer dissatisfaction adversely affecting the reputation of the respondents, and thus if this is done, the respondents can claim no legitimate reasons to oppose further dealing in Samsung/SAMSUNG products in India.

As regards the appellants' meta-tagging their websites with those of the respondents, the learned Single Judge has correctly enjoined the appellants from so doing, which injunction we affirm. The argument by the appellants that how else would the appellants know about the working of the particular product hardly impresses us for the reason the appellants can design their website in a manner where they are able, on their own strength, without any meta-tagging, to display the relevant information.

The appeal is partially allowed. Impugned judgment and order dated 17-2-2012 is set aside insofar the appellants have been restrained from importing printers, ink cartridges/toners bearing the trade mark Samsung/SAMSUNG and selling the same in India. The appellants shall continue to remain enjoined from meta-tagging their website to that of the respondents. But, while effecting sale of Samsung/SAMSUNG printers and ink cartridges/toners, the respondents shall prominently display in their showrooms that the product sold by them have been imported from abroad and that the respondents do not give any warranty qua the goods nor provide any after sales service and that the warranty and after sales service is provided by the appellants personally. The appellants would prominently display in their showrooms: "Samsung/SAMSUNG Products sold are imported into India and SAMSUNG (KOREA) does

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not warranty the quality of the goods nor provides any after sales service for the goods. We warranty the quality of the goods and shall provide after sales service for the goods."

[***** discussed the orders and cost.]

POINTS FOR DISCUSSION

1. Discuss the reasons for introduction of exhaustion of rights in case of intellectual property.
2. What are the different types of exhaustion of rights followed globally?
3. What are the reasons for introduction of Article 6 in the TRIPS Agreement giving freedom for countries to determine the nature of exhaustion of rights?
4. What are the conditions that will be used by a country to determine whether they follow national or international exhaustions of rights?
5. Discuss the reasons given by the Court in this case to read international exhaustion in Section 30(3) of the Trade Marks Act, 1999.
6. Is it possible for a country to follow different principles of exhaustion of rights for different category of intellectual property?
7. Compare and contrast the provisions in Patents Act, Section 107 (b) on exhaustion of right with Section 30(3) of the Trade Marks Act.

READ

Wipro Cyprus (P) Ltd. v. Zeetel Electronics, (2010) 44 PTC 307 (Mad).

Exhaustion of copyright

It is a well-established principle stated in Section 16 of the Copyright Act that the copyright is confined to the rights specifically mentioned in the Act. If one examines Section 14 of the Act he could see that even today there is no express provision recognising right of export or import. The Delhi High Court examined whether the rights recognised under the Indian Copyright Act include right of export and import also. It was argued, in this case, that the rights of an exclusive licensee to print and distribute the books in India also included the right to export or import of the book.

It is pertinent to note that India supported the principle of international exhaustion and not the national exhaustion principle.⁷¹ Moreover,

71. R.V. Vaidyanatha Ayyar, "The Process and Politics of a Diplomatic Conference on Copyright" (1998) 1 JWIP 3, 17. In the WIPO Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions held in Geneva from 2-20 December 1996, Canada and Mexico opposed importation rights based on the

there is enough flexibilities for the WTO member countries under the TRIPS Agreement, as already discussed, to follow any mode of exhaustion, taking into account their national interest. However, it is submitted that the Court failed to take note of these aspects while deciding this case.

**JOHN WILEY AND SONS INC. v. PRABHAT
CHANDER KUMAR JAIN**
(2010) 44 PTC 675 (Del)

JUSTICE MANMOHAN SINGH

[*****]

Plaintiff No. 1 John Wiley & Sons Inc., a corporation incorporated under the laws of New York in USA claims to be the owner of the copyrights in the books and Plaintiff No. 2 Wiley India Pvt. Ltd is the exclusive licensee of Plaintiff No. 1 having its office at Delhi. Plaintiff No. 3 Cengage Learning Inc., a corporation incorporated under the laws of State of Delaware in US is the owner of the copyrights in the books and Plaintiff No. 4 Cengage Learning India Pvt. Ltd is an affiliate and exclusive licensee of Plaintiff No. 3 which publishes the books of Plaintiff No. 3 in India. Plaintiff No. 5 Pearson Education Inc. is a corporation incorporated and existing under the laws of the State of Delaware in USA. Plaintiff No. 6 Dorling Kindersley India Pvt. Ltd. is a company incorporated in India under the Companies Act having its registered office at New Delhi. The plaintiffs (collectively) claim to be pioneers in their respective fields of publishing academic, scientific and other educational books which are circulated worldwide. The plaintiffs claim to have a repertoire of the books which are published by them and are available globally at the prices settled by the plaintiffs.

It is averred in the plaint that the Indian market is quite significant for all the plaintiffs' publishers and keeping in mind the requirement of the business, demand of the books and the economic viability of the purchasers, the plaintiffs decided to expand their operations in India by introducing Low Price Editions of their books so that the same international level books which are otherwise quite costly may be made available to Indian and other Asian students in a cost effective manner at the rates befitting the Asian markets. In this spirit, Plaintiff No. 1 authorised Plaintiff No. 2 to publish its works in Wiley Student Edition for distribution only in the territories of India, Bangladesh, Nepal, Pakistan, Sri Lanka, Indonesia, Myanmar, Philippines and Vietnam.

consideration that the issue was addressed in the TRIPS Agreement as well as in the North American Free Trade Agreement (NAFTA) and that in both these agreements it was left open.

The books which are published are subject to territorial restrictions imposed by Plaintiff No. 1 and should contain the following notice: "Wiley Student Edition Restricted for Sale only in Bangladesh, Myanmar, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka and Vietnam. The book for sale only in the country to which first consigned by Wiley India Pvt. Ltd and may not be re-exported. For sale only in: Bangladesh, Myanmar, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka and Vietnam."

Plaintiff No. 1 contends that in this manner, being the owner of the rights it has given exclusive licence to Plaintiff No. 2 to publish and print an English Language reprint edition only in the territories entailed in the agreement and not beyond that. Likewise, Plaintiff No. 3 has given an exclusive licence to Plaintiff No. 4 for printing, publishing, and distributing the books of Plaintiff No. 3 in the territories of India, Pakistan, Bangladesh, Nepal and Sri Lanka. Plaintiff No. 4 is required to imprint the following notice on the books of Plaintiff No. 3: "For Sale in India, Pakistan, Bangladesh, Nepal and Sri Lanka only. Circulation of this edition outside these countries is strictly prohibited."

Plaintiff No. 5 maintains the same situation by contending that Plaintiff No. 6 is authorised to publish and distribute the works of Plaintiff No. 5 in India and its neighbouring States by printing the following notice: "This edition is manufactured in India and is authorised for sale only in India, Bangladesh, Bhutan, Pakistan, Nepal, Sri Lanka and the Maldives. Circulation of this edition outside of these territories is unauthorised." Additionally each book bears a yellow band at the top of the cover with the phrase "Low Price Edition" prominently appearing on the front and back covers with the abbreviation "LPE" on the spine of each book.

The plaintiffs contend that any attempt by anyone to sell, distribute or circulate the books outside the territories prescribed by the owners of the copyright shall cause infringement of the copyright. The said claim is averred in the plaint by stating that India is signatory to the Universal Copyright Convention and the Berne Convention and the rights of a copyright holder shall extend to the member countries by virtue of Section 40 of the Copyright Act. It is further averred in the plaint that the said books are reprint editions which are first published in US and thereafter the reprints are effected by the licensees under the aforesaid arrangement by their respective licensees in India for sale in designated territories.

The grievance of the plaintiffs begins with the rampant problem of the export of books which are reprint editions meant for the Indian and neighbouring territories to the Western Countries which not only causes copyright infringement but also leads to royalty losses of the plaintiffs who are the owners of the respective copyrights. The plaintiffs claim in

the suit to have taken suitable action by way of complaints before the custom officials and court actions filed earlier before this Court.

The plaintiffs state that their attention was drawn to Defendant No. 3 Technischer Overseas Pvt. Ltd., a bookseller in Delhi trading under the website "www.alibris.com" was offering online sale and delivery world-wide of the Low Price Editions of the plaintiffs' publications. As per plaintiffs, Defendant No. 3 is owned and operated by Defendant Nos. 1 and 2 herein who are the Directors of Defendant No. 3 having their address at P-18, Green Park Extension, New Delhi. The plaintiffs have also described their predicament insofar as the defendants are attracting customers by misrepresenting that the books put up by them for sale are identical to those of the plaintiffs. The said misrepresentation in the defendant's own words as stated in the plaint can be described as under: "It is an international edition in paperback. The contents are identical to the American Edition, word for word. The ISBN differs from the American Edition and the book is in black and white but the contents are completely same as the American Edition at a great price."

Other websites "www.biblio.com" and "www.biblon.co.uk" also find mention of the plaintiffs' books by Defendant No. 3 and the defendants target customers by describing the reprint editions as "Brand New International Edition in soft cover and black and white. Content same as US Edition. Only ISBN differs from US Edition. Why pay more for the same book?"

The plaintiffs allege that these acts of the defendants of diverting the Low Price Edition books which are meant for sale in India and its neighbouring States to the USA, UK and other countries for which the books are not meant amounts to infringement of the plaintiffs' copyright in the said books. It is submitted that the placing of the said books in circulation, that too in the countries for which the books are not meant, without the permission of the plaintiffs, is a clear infringement of the copyright of the plaintiffs.

[**** continued with the averments.]

Accordingly, the plaintiffs have filed this suit to restrain the defendants from infringing the copyright of the plaintiffs by exporting the books of the plaintiffs to the countries outside the territories prescribed on the publications of the plaintiffs. The plaintiffs have also filed an application seeking temporary injunction against the defendants being IA No. 11331/2008 which came up for hearing with the main suit on 17-09-2008 when this Court passed an ex parte order to the following effect:

The plaintiffs have made out a prima facie case for the grant of ex-parte ad interim injunction. The defendants and their agents and assigns and other sister concerns, till the disposal of this application, are restrained from advertising, offering for sale/exporting any publications of the plaintiffs to the countries outside territories specified on the books published by the plaintiffs.

Pursuant to notice, the defendants have appeared and filed an application being IA No. 14897/2008 for vacation of ex-parte injunction and also the written statement in the matter. The defendants have raised manifold defences in the written statement and counter arguments which can be stated as under: *i)* The nature of activities carried out by them, *i.e.* export of the books does not tantamount to infringement of copyright. As per the defendants, there is no infringement of copyright in the act of export of the books. *ii)* There is no act or overt act on their part which is actionable within the meaning of the Copyright Act, 1957 as the books once purchased are legally purchased in India and they leave the territory of India once they are exported. Thus, the defendants contend that no act of infringement is done within the territory of India and thereby the provisions of the Copyright Act are not attracted. *iii)* There is no case made out as regards parallel imports where goods are brought into the territory of India and if the same are found to be infringing, they can be said to be infringement of the rights of the right holder. In contradistinction to this, the case which the plaintiffs are building is of export of the articles from India in which case there cannot be any infringement so far as the export of books from India is concerned and at best, the same may be infringement of the rights of the plaintiffs in the country where the said books are imported. *iv)* The plaint does not disclose any cause of action qua infringement and same is liable to be rejected under Order VII Rule 11 CPC as there is no case made out for infringement of copyright. *v)* The defendants rely upon the rule of "exhaustion of rights" enshrined in the copyright regime whereby the rights of the copyright holder are lost once the first sale of the article is effected, *i.e.* the owner's control over the article and the rights therein are exhausted on the first sale and he/she cannot control every subsequent sale by enforcing rights over the same. The said doctrine of first sale, according to the defendants operates in USA and is legally accepted. Thus, USA is the place where the plaintiffs ought to have sued the defendants. As the plaintiffs are conscious that their rights can be defeated in the USA because of first sale doctrine, the plaintiffs have filed this suit in India where there is no act of infringement. *vi)* The plaintiffs have no privity of contract with the defendants and thus the defendants are not bound by the conditions mentioned on the books. The enforcement of such conditions on the books is untenable. *vii)* The injunctory relief sought by the plaintiffs against the defendants raises the trade barriers and is an unfair trade practice and an anti competitive one. *viii)* The suit for injunction filed by the plaintiffs is not maintainable in view of the provisions of the Specific Relief Act, 1963 as there is no right which entitles the plaintiffs to an injunction and no corresponding obligation upon the defendants thereon. *ix)* The conduct of the plaintiffs is inequitable as the distributors of the plaintiffs themselves are exporting the books to various territories and are making

illicit profits thereon. In these circumstances, the plaintiffs are debarred from attributing the said wrong to the defendants when they themselves are guilty of the same one.

[**** discussed in detail the arguments of parties, *Penguin Books Ltd. v. India Book Distributors*⁷² and continued.]

(a) Infringement of copyright

[**** general introduction on copyright, extracted Sections 13, 14, 51, 30, 19, 19A and continued.]

A careful reading of the section further makes it clear that the owner by exercising the right to licence further demarcates the rights and imposes conditions and limitations by way of a period wise licence or territory wise licence exclusive or non-exclusive, etc. Licensing is a mode of maximum exploitation of the rights under the Act by imposing conditions and limitations upon the rights.

In the present case, Plaintiff No. 1 has authorised Plaintiff No. 2 as an exclusive licensee to publish the books of Plaintiff No. 1 in India for limited territories. Likewise is the situation with Plaintiff Nos. 3, 4, 5 and 6. The said licensing arrangement is done by the owners of the copyright by way of imposing the relevant territorial condition in the agreement of licensing.

[**** extracted the terms of the agreement and continued.] The above interplay of the provisions of the Act clarifies the position that the rights defined under Section 14 of the Act are subject to the provisions of assignment and licensing and their limitations thereof. Further, the rights of a licensee are not the same as those of the owner.

Coming back to Section 51(a) of the Copyright Act, 1957 which defines infringement under the Act, the section provides that the copyright shall be deemed to be infringed by a person who without a licence granted by the owner of the copyright or in contravention to the conditions of a licence so granted does anything, the exclusive rights to do which is by this Act conferred upon the owner of the copyright. The primary infringement of the copyright under Section 51(a) of the Act is the violation of the rights conferred upon the owner of the copyright. Infringement of rights under the Act has thus to be seen from the perspective of the rights of the owner and not those of the licensee. There is fine distinction between the limited rights of the licensee and those of the owner.

It is an established principle of the law that when a plain and a natural reading and meaning of a section is clear and unambiguous, then the court cannot insert or introduce any words to the section and cannot depart from the plain reading principle or literal rule. In *Assn. for Development v. Union of India*⁷³, this Court approved the literal rule and observed that "it is not the duty of the court to enlarge the scope of

72. AIR 1985 Del 29; (1984) 4 PTC 285.

73. (2010) 167 DLT 481.

the legislation when the language of the provision is plain and unambiguous. The court cannot recast or reframe the legislation for the very reason it has no power to legislate. The court cannot add words to a statute or reads words into it which are not there".

Applying the plain rule and giving it its natural and existing meaning, Section 51 of the Copyright Act talks about infringement of the rights of the owner which are different from that of the licensee. It may be possible that the bundle of the rights of the owner may include the rights of the licensee, but the infringement of the rights has to be measured from the rights of the owner and not from the limited rights of the licensee.

[**** extracted Sections 54(2), 55 and continued.]

The right of the owner of the copyright to issue the copies of the work to the public will not be circumscribed by any territorial limitation. Thus, the owner of the copyright will have the right to issue the copies of the work not being the copies already in circulation worldwide. This proposition also gets amplified by reading subsequent sections in the Act relating to assignment and licensing. Section 19 which is also mutatis mutandis applicable to licensing by operation of Section 30A also talks about the mode of the covenant in assignment and licensing. Section 19(6) postulates that if the covenant is silent about the territory, then said assignment/or licensing by deeming fiction of law shall be limited to India. This is the statutory recognition of the principle that the owner's right under the Copyright Act is not circumscribed by the territorial limitation and rather the owner can assign or license its rights worldwide. This is also applicable to an Indian author or owner, for instance, if an Indian person is the author and the owner of the book, then the said person will have a copyright to issue the copies of his work to the public anywhere in the world. The right of the owner of the copyright to issue copies of the work to the public in the present case would be the rights of Plaintiff Nos. 1, 3, 5 to issue copies to the public worldwide including but not limiting to India or to any other territories.

On the other hand, the rights of the exclusive licensees which will be subject to conditions and limitations imposed by the owner of the copyright will flow from both the statute as well as from the covenant entered between the parties. Thus, the rights of Plaintiff Nos. 2, 4 and 6 for the purposes of Section 14 would be to issue copies of the work to the public of the territories authorised to be done by the owner of the copyright. In the present case, the rights of Plaintiff Nos. 2, 4, 6 would thus be fettered by the territorial restrictions imposed by the owner.

The legal propositions which emanate from this discussion are as under: a) That the court will measure the infringement of the copyright from the rights of the owner of the copyright when the owner is before the court for violation of its rights. b) That the rights of the owner may be broader than the limited rights of the exclusive licensee, although the

exclusive licensee has the independent right to sue for infringement of the copyright. c) The rights of the owner and exclusive licensee may not be the same and the rights of the exclusive licensee shall also be subject to the fetters imposed by the agreement between the licensor and licensee.

Applying these principles to the present case, it can be seen that Plaintiff Nos. 1, 3 and 5 are the worldwide owners of the books and their copyright as mentioned and averred in the plaint. Plaintiff Nos. 2, 4 and 6 are the exclusive licensees licensed to publish the said books in India and other territories. The plaintiffs' grievance is that Defendant No. 3 Technischer Overseas Pvt. Ltd. which is a bookseller in Delhi is purchasing the said Low Price Editions of the books meant for the Indian market and the territories defined from the Plaintiff Nos. 2, 4, 6 and is offering the said low price books from the websites "www.alibris.com", "www.biblio.com" to territories outside the prescribed ones on the book is infringing the copyright of the plaintiffs.

The said acts of the defendants of purchase of the books from the exclusive licensees/licensee are legitimate in nature and do not hinder or take away anyone's rights including the rights of exclusive licensees/licensee. But once the said Defendant No. 3 offers for sale the books or publications (which are fettered by territorial restrictions purchased from exclusive licensees) and puts them into circulation by selling or offering for sale or by taking orders for sale to the territories beyond the ones for which permission has been granted by the owners of the copyright, the said acts are prima facie tantamount to putting into circulation or issuance of copies not being in circulation in other territories where the right to do so is of the owner to exercise and violates the rights of the owner of the copyright under Section 14 read with Section 51 of the Act, if not the rights of the exclusive licensee. In other words, the said acts of selling the books from India or offering for sale from India through website and thereafter accepting the money and couriering the books to an unauthorised territory will violate the right of the owners of the copyright which are Plaintiff Nos. 1, 3, 5 to issue the copies to the public not already in circulation (not of exclusive licensees) and thus will, prima facie, infringe their copyright.

It would also be an incongruous proposition to lay down that anyone who purchases the tangible or intangible, movable or immovable property from a licensee who has merely a permissive right which is also subject to restrictions is free to exercise the rights of the owner of the said property, who has wider rights than licensee. The said acts would be an infringement of the extent of the rights which are available with the owner. I will also discuss the impact of exhaustion theory on this in the later part of the discussion.

There is another reason for coming to this prima facie opinion. The acts of the defendants are infringing in character as they are not merely

confined to doing the acts of the owner of the copyright without permission or license. The doing of unauthorised acts of the owner of the copyright is only one kind of infringement. The other kind of infringement would be to violate the conditions of the licensee and commission of acts going beyond the fetters imposed by the licence. This can be better understood by perusing Section 51 which reads as under:

[***** extracted Section 51 and continued.]

In all these situations, the doing of the acts of the owner would be deemed to be an infringement under the Act. The said situations are disjunctive and not conjunctive in the sense that doing of the act even in one situation would be equally an infringement as in other one. As per the preceding discussion, the rights of the owner of the copyright that is Plaintiff Nos. 1, 3, 5 are violated as the same are falling under a) being unlicensed acts from the owner and acts of the owner of the copyright within the meaning of Section 14(1)(b) of the Act.

Another perspective would be that the acts of the defendants would also be in contravention to the conditions of a licence so granted by Plaintiff Nos. 1, 3 and 5 to Plaintiff Nos. 2, 4 and 6 which is also the grievance of the plaintiffs. This is due to the reason that Plaintiff Nos. 1, 3 and 5 being the owners of the copyright have the right to exploit their copyright to issue licences under Section 30 of the Act. By exercising the said right, licensees have been appointed to issue publications of the Low Price Edition books to the limited territories which are mentioned upon the books as well as on the covenant/agreement between plaintiffs. The defendants by doing the acts of purchasing the books from the licensees which are subject to territorial restrictions and by selling the same to the outside territories are prima facie violating/contravening the terms of the licence which has been granted by Plaintiff Nos. 1, 3, 5 to them.

[***** discussed the difference between assignment and licence and continued.]

In any case, a purchaser from the licensee of any licensed work having knowledge about the said licensee cannot get a better title than the licensee and will be bound by the said licence as he is aware of the same at the time of making the said purchase and purchased the same while accepting it. To that extent, the position of a licensee will remain the same universally and the statutory recognition of the said rule, whether it exists or not, will only create the exception for the bona fide purchaser without notice.

[***** discussed the application of the above principles for computer software and continued.]

Likewise is the case with the books in the present matter. Once the defendants purchase the Low Price Edition books of the plaintiffs from their exclusive licensee, they are conscious of the fact that the said editions are subject to territorial restrictions which are meant to be sold

within the limited territories only. The notice on the book itself gives knowledge to the purchaser about the said territorial restriction. The said knowledge is also evident when the defendant themselves offer the same books to the customers outside the territories while representing that "it is an international edition in paperback. The contents are identical to the American Edition, word for word. The ISBN differs from the American Edition and the book is in black and white but the contents are completely same as the American Edition at a great price".

[***** discussed the facts to show that the defendant know the terms of the contract and continued.] I have examined the argument of the defendants carefully in relation to exports not being recognised expressly as infringement. The question in the present case is not merely as to whether exports should be recognised as infringement within the meaning of the Act, but rather, the question is whether the rights of the owner of the copyright can be circumvented by merely purchasing the work from the exclusive licensee having limited licence to distribute or publish within certain territories and selling the same to countries outside the territories prescribed by taking the orders in India, reaping the benefits of the said sale in India and causing contravention of the licence granted by the owner of the copyright. If it violates the rights of the owner to put the work into circulation within the meaning of Section 14(1)(a)(ii) read with Section 51(a), the same would amount to infringement within the Act and it may be incidental that the defendants are carrying out activities which lead to export.

Further, the argument relating to non-recognition of export as infringement is devoid of any merit due to the reason that this Court has prima facie come to the finding that the acts of the defendants are primary acts of the infringement within the meaning of Section 51(a) of the Act as there is direct involvement of the defendants in violating the rights of the owner as well as the conditions of the licence granted by the owner to their licensees. The said acts of primary infringement are distinct and independent from the infringements which are arising out of the indirect involvements of the defendants like selling, hiring, exhibiting, distributing or importation. The argument of export advanced by the defendants thus fails.

This Court has not drawn any analogy from the import of the article being recognised as infringement which is expressly recognised under Section 51(b) of the Act and has rather come to independent finding of primary infringement. This argument of the defendants also fails on the same count.

[***** discussed on the jurisdiction of the Court and continued.]

First sales doctrine and its impact—[***** discussed the arguments of the parties and continued.]

I have examined this submission and feel that in the present case the doctrine of first sale even if it is applicable does not curtail the rights of the owner due to the following reasons: a) At the outset, again, I would like to reiterate the three propositions: a) the meaning of copyright has been defined under Section 14 of the Copyright Act as is clear from the opening words of the section; b) the rights of the owner have to be looked into as per Section 51 of the Act while measuring infringement; c) the rights of the owner may be broader than that of the licensee. In the present case, the first sale has been effected by the exclusive licensees Plaintiff Nos. 2, 4, 6 and their rights are limited and are subject to the conditions and limitations imposed by the agreement. That being so, the applicability of the first sale doctrine qua the sales effected by the exclusive licensees to the defendants will at best exhaust the rights of the exclusive licensees to complain and not the rights of the owner. The right of the owner to complain for remaining infringement in unauthorised territories for violation of the permission granted and violation of the rights will remain intact. Thus, the applicability of first sale doctrine will partially exhaust the rights of the licensee and not of the owner of the copyright, i.e. Plaintiff Nos. 1, 3 and 5. b) The applicability of the principle of international exhaustion of rights is doubtful. The said reasoning is based on the argument of the defendants that the plaintiffs will lose all their rights after effecting the first sale to the defendants. To explain the said doctrine, the defendants have relied upon English case laws which are (1) *Bobbs Merrill Co. v. Isido Straus*⁷⁴, (2) *Quality King Distributors Inc. v. Lanza Research International Inc.*⁷⁵, (3) *Timothy S. Vernor v. Autodesk Inc.*⁷⁶, (4) *UMG Recordings Inc. v. Troy Augusto*⁷⁷ and also the latest judgment passed by the learned Single Judge of this Court in *Warner Bros*⁷⁸.

[***** discussed the reasoning in the judgment and continued.]

The discussion makes it apparent that the learned Single Judge has doubted the mode of the applicability of the first sales doctrine in India as per the existing law. The same may lead to partial or regional exhaustion or international exhaustion. As per my opinion, as the express provision for international exhaustion is absent in our Indian law, it would be appropriate to confine the applicability of the same to regional exhaustion. Be that as it may, in the present case, the circumstances do not even otherwise warrant this discussion as the rights if at all are exhausted are to the extent to which they are available with the licensees as the books are purchased from the exclusive licensees who have limited rights and

74. 52 L Ed 1086; 210 US 339 (1908).

75. 140 L Ed 2d 254; 523 US 135 (1998).

76. 555 F Supp 2d 1164; (WD of Wash 2008).

77. 558 F Supp 2d 1055 (CD Cal 2008).

78. *Warner Bros. Entertainment Inc. v. Santosh V.G.*, (2009) 2 MIPR 175 (Del).

not from the owner. In these circumstances, the question of exhaustion of rights of owner in the copyright does not arise at all.

[**** extracts para. 65 and continued.]

The above concerns of the learned Single Judge can be seen in the present case in light of the fact that the licensee after gaining the copies cannot exploit the rights world wide which is, in fact, the owner's right. The same is the situation when the articles have been purchased from the licensee. Thus, *Warner Bros*⁷⁹ does not come to the aid of the defendants.

The defendants' argument that the first sale doctrine will exhaust the rights of the plaintiffs internationally is incongruous and the same will lead to absurd results inasmuch as the defendants are the purchasers of the books with notice from the exclusive licensees and not from the owner of the copyright. Accepting the contention of the defendants would again be nugatory to the principle of the ownership and licence. The owner has full right to enjoy the property and if the property is purchased from the owner only then will the owner lose his rights. The same is applicable in the present circumstances. The purchaser after purchasing from the exclusive licensee cannot by claiming the principle of exhaustion or extinguishment of rights defeat the rights of the owner. This is the only harmonious interpretation possible by invocation of doctrine of first sales in the present case.

In view of the aforementioned reasoning, the argument of applicability of first sale doctrine defeating the rights of the owner fails and the same cannot abridge the rights of the owner to complain of infringement in the present case even if it is applied. With this, I end the second part of my discussion.

The related arguments of the defendants about the Specific Relief Act fails as a prima facie right has been established in favour of the plaintiff. Further, there is no unfair competition or barrier to the trade which has been effected by the plaintiffs as the plaintiffs' rights are emanating from the statute and thus these aspects do not require discussion and the arguments are rejected as meritless.

c) Conclusion

[**** summarised the decision.]

To sum up, the plaintiffs have made out a case for the grant of temporary injunction by satisfying the three essential elements for the grant of injunction. Accordingly, IA No. 11331/2008 is allowed and IA No. 14897/2008 is dismissed. Consequently, the defendants and their agents, assigns and sister concerns, till the disposal of the suit, are restrained from advertising, offering for sale/exporting any publications of the plaintiffs to the countries outside the territories specified on the books published by the plaintiffs.

79. *Ibid.*

It is made clear that any observation made herein shall be treated as tentative in nature and shall not constitute any expression of final opinion on the issues involved and shall have no bearing on the final merit of case and submissions of the parties in the suit.

POINTS FOR DISCUSSION

1. Discuss the meaning of "other than copies already in circulation" in Section 14(1)(b). Identify the reasons given by the Court to interpret the meaning to confine it to the territory specified by the owner of copyright in the book? Do you agree with this reasoning?
2. Discuss whether the right of import or export of works is recognised under Section 14 of the Act? Can the owner of copyright create new rights—export or import—which are not expressly provided under Section 14 through licence agreements?
3. Discuss the contractual liability of a third party to abide by the terms of contract to which he is not party. Reflect on the correctness of the following statement of the court:

In any case, a purchaser from the licensee of any licensed work having knowledge about the said license cannot get a better title than the licensee and will be bound by the said license as he is aware of the same at the time of making the said purchase and purchased the same while accepting it. To that extent, the position of a licensee will remain the same universally and the statutory recognition of the said rule, whether it exists or not, will only create the exception for the bona fide purchaser without notice.

4. Discuss the following statement of the Court:

In the present case, the first sale has been effected by the exclusive licensees plaintiff Nos. 2, 4, 6 and their rights are limited and are subject to the conditions and limitations imposed by the agreement. That being so, the applicability of the first sale doctrine qua the sales effected by the exclusive licensees to the defendants will at best exhaust the rights of the exclusive licensees to complain and not the rights of the owner. The right of the owner to complain for remaining infringement in unauthorised territories for violation of the permission granted and violation of the rights will remain intact. Thus, the applicability of first sale doctrine will partially exhaust the rights of the licensee and not of the owner of the copyright, i.e. Plaintiff Nos. 1, 3 and 5.

5. What are the grounds on which a country will decide to follow national or international exhaustion? How will one determine whether India follow national or international exhaustion in their intellectual property laws? Can Parliament follow different principles for different intellectual property laws?
6. Discuss the following observation of Court:

As per my opinion, as the express provision for international exhaustion is absent in our Indian law, it would be appropriate to confine the

applicability of the same to regional exhaustion. Be that as it may, in the present case, the circumstances do not even otherwise warrant this discussion as the rights if at all are exhausted are to the extent to which they are available with the licensees as the books are purchased from the exclusive licensees who have limited rights and not from the owner. In these circumstances, the question of exhaustion of rights of owner in the copyright does not arise at all.

7. Discuss the legislative changes made in Section 14 (1992, 1999 and 2012) regarding right of distribution. Is this an indication of the intention of Parliament to follow national or international exhaustion?
8. Discuss the implication of deleting the proviso to Section 2(m) in the 2012 Amendment.

PENGUIN BOOKS LTD. v. INDIA BOOK DISTRIBUTORS

AIR 1985 Del 29: (1984) 4 PTC 285

(JUSTICE AVADH BEHARI ROHATGI AND JUSTICE G.C. JAIN)

JUSTICE AVADH BEHARI ROHATGI

The appellants-plaintiffs, Penguin Books Ltd. of England, brought a suit for perpetual injunction against the respondent/defendant India Book Distributors of New Delhi, Bombay, Madras, Calcutta restraining them from infringing Penguin's territorial copyrights/licence in 23 books, the subject-matter of the suit. Admittedly, India Book Distributors, Bombay are importing, distributing and offering for sale in India, 13 out of these 23 titles. Some of these books are well-known works such as *Animal Farm* by George Orwell, *Far Pavillion*, *Shadow of the Moon*, both by M.M. Kaye. Some are recent publications such as *Celebrity* by Thomas Thompson, *Lace* by Shirley Conran. Penguin asked for a temporary injunction in the suit. The application was heard by a learned Single Judge on the original side of this Court where the suit was instituted. He refused the injunction. From his order of refusal Penguin appeal to this Court.

[***** the Court discussed the reasons adopted by the lower court based on the decision of the US court, quoted Sections 14, 51, 55 and continued.]

Importation of books which are "infringing copies of the work" is all infringement. So is the sale thereof. If any person without the licence of the copyright owner, imports into India for the purpose of selling or distributing for purposes of trade the literary work, the copyright is infringed. Any importation of infringing copies is, therefore, an infringement, unless it is for the importer's own use. American books may be lawfully published in America. But when the copies of those publications

are imported into this country, an action for infringement would lie in this country against the importer in respect of those copies. An action would also lie against any person who, for instance, sold or distributed such copies here because the books have been imported and sold without the licence of the owner of the copyright or his exclusive licensee.

Infringing copy is defined in Section 2 clause (m). An infringing copy means a copy "imported in contravention of the provisions of the Act". The central provision in Section 51 which says that copyright shall be deemed to be infringed where any person without a licence granted by owner of the copyright "does anything, the exclusive right to do which is by this Act conferred upon the owner of the copyright". The owner of the copyright or his licensee has the exclusive right of printing, or otherwise multiplying, publishing and vending copies of the copyrighted literary production in India. India Distributors are infringing this right. Therefore, India Distributors are dealers in "infringing copies". They are handling unlicensed copies.

This is abundantly made clear by the Act in Section 53 sub-section (1). It empowers the Registrar of Copyrights to order that copies made out of India of the work which if made in India would infringe copyright shall not be imported. This is the acid test. It is a misuse of words to say that the expression "infringing copy" has one meaning in Section 51 clause (b) sub-clause (iv) and a different in Section 53. The essence of the thing is unauthorised appropriation or use of another man's property. It amounts to taking what is not yours. It is an improper possession of that which does not belong to you. It has been well said: "The position of the person dealing in infringing copies is in fact similar to that of the 'receiver', the person dealing in stolen property."⁸⁰ In importation it is the locale that matters. Territorial division and geographical area are of importance. Outside a defined territory the sale of a copyright work constitutes a sale of an "infringing copy" because there is infringement of territorial restrictions. Penguin's case is that they hold a territorially exclusive licence coupled with an interest so far as India is concerned. Generally speaking, whenever there is misappropriation of intellectual property of which the primary beneficiary is the copyright owner there is infringement of copyright. Copyright is a property right. Throughout the world it is regarded as a form of property worthy of special protection in the ultimate public interest. The law starts from the premise that protection would be as long and as broad as possible and should provide only those exceptions and limitations which are essential in the public interest. The courts adopt a "purposive" approach to statutes.

Importation of "infringing copies" is prohibited by the Act because if made in India these titles would infringe the copyright of Penguin. Not

⁸⁰ Stephen M. Stewart, *International Copyright and Neighbouring Rights* (1983 Edn.) 80.

only this, India Distributors are "publishing" these titles. Publication means in the case of a literary work, "the issue of copies of the work, either in whole or in part, to the public in a manner sufficient to satisfy the reasonable requirements of the public having regard to the nature of the work" as per Section 3 as amended by the Copyright (Amendment) Act, 1983. The Act treats infringement of copyright as "infringement of a right in property". Copyrights considered as unique forms of property and monopoly, are essentially pecuniary rights. In its most elementary form, copyright means "the exclusive right, to multiply copies of a book".

It is true that India Distributors are not printing these books and are not guilty of what is called primary infringement. But when they issue copies of these titles for public distribution they are guilty of secondary infringement.

[**** discussed *Interstate Parcel Express Co. (Pty) Ltd. v. Time-life International, (Netherlands) B.V.*⁸¹, *Polydor Ltd. RSO Records v. Harlequin Record Shops*⁸², *Gramophone Co. of India Ltd. v. Birendra Bahadur Pandey*⁸³, *Infabrics Ltd. v. Jaytex Ltd.*⁸⁴ and continued.]

While publication generally refers to issue to public, importation for the specified purpose may be a necessary step in the process of issuing to the public, and therefore of publishing. It appears to me that the exclusive right of Penguin to print, publish and sell these titles in India would extend to the exclusive right to import copies into India for the purpose of selling or by way of trade offering or exposing for sale the books in question, as held at page 267 in *Interstate Parcel Express Co. (Pty) Ltd. v. Time-life International, (Netherlands) B.V.*⁸⁵ This is the true meaning of the word publish as used in Section 14 sub-section 11 clause (a) sub-clause (ii).

It is also an infringement of copyright knowingly to import into India for sale or hire infringing copies of a work without the consent of the owner of the copyright, though they may have been made by or with the consent of the owner of the copyright in the place where they were made. In America the subject books were lawfully published, it is true. But they cannot cross the borders of India without infringing the copyright of the exclusive licensee, as held in *Clarke Irwin & Co. Ltd. v. Cole (C) Co. Ltd.*⁸⁶

Counsel for the defendants next argued that prohibition to import these American publications into India will be in breach of the provisions of Monopolies and Restrictive Trade Practices Act. I am not impressed

81. (1977) 138 CLR 534; 1978 FSR 251 (Aust HC).

82. (1980) 2 CMLR 413; 1980 FSR 362 (CA).

83. (1984) 2 SCC 534; AIR 1984 SC 667.

84. 1980 Ch 282; (1980) 2 WLR 822; (1980) 2 All ER 669 (CA).

85. (1977) 138 CLR 534; 1978 FSR 251 (Aust HC).

86. (1960) 22 DLR (2d) 183.

by this argument. It is true that copyright is a monopoly but it is a statutory creature, as per Section 16. Copyright is the creation of the Act. As at present advised, I am not prepared to hold that these provisions are in conflict with the statutory provisions contained in the Monopolies and Restrictive Trade Practices Act or the Contract Act.

For these reasons I would set aside the order dated 2-8-1983. I would allow the appeal and issue an injunction restraining Defendants 1 to 4 by themselves, their servants, agents, dealers, stockists from infringing the plaintiffs' territorial copyrights/rights/licence by importing, distributing and offering for sale in India the 13 titles which admittedly they are importing into India. I would permit the defendants to sell their existing stocks as on the date of this order. But no further imports will be made. The defendants will keep accounts of the sale of the existing stocks and submit the same in Court every three months. They will also submit an account of their existing stocks within a week.

[**** discussed the remedies.]

G.C. Jain, Justice I agree. Appeal allowed.

POINTS FOR DISCUSSION

1. Is an author entitled for a right that is not expressly provided under Section 14 of the Copyright Act in the light of Section 16?
2. Does India recognise importation rights under the Copyright Act?
3. Is it possible to acquire a right not expressly included in Section 14 by way of exclusive licensing of one of the rights mentioned in Section 14?
4. Does "issue of copies" in Section 14 include right to importation also?
5. What is the meaning of importation of "infringing copy" under Section 51 of the Copyright Act, 1957?
6. If lawfully published books are purchased from one country and imported to India for sale in India (parallel import), will it constitute infringement of copyright?
7. Do you agree that the interpretation of the Court given to Section 53(1) in this case is sufficient to find out the meaning of "importation of infringing copies"?
8. Discuss the implication of this decision on access to cheaper foreign books. Do you think that parallel import is good for India? Discuss the public interest involved in facilitating parallel import.
9. Discuss the validity of the ratio of this case in the light of the amendments introduced to Section 14.
10. Discuss the provisions in the Berne Convention and TRIPS Agreement dealing with parallel import and obligation on border security measures.

EXERCISE

1. Compare Section 14 of the Copyright Act with Section 107-A(b) of the Patents Act and Sections 29 and 30 of the Trade Marks Act, 1999 and discuss the legislative policy on parallel import.
2. Compare the ratio of this case with the ratio in *Samsung Electronics Co. Ltd. v. G. Choudhary*, (2006) 33 PTC 425; (2007) 136 DLT 605.
3. Read *Kirtsang v. John Wiley & Sons Inc.*, 654 F 3d 210 (US SC) and the following statement in the context that the GATT Agreement is intended to ensure free flow of goods and services across borders:

The 'first sale' doctrine is a common-law doctrine with an impeccable historic pedigree. In the early 17th century Lord Coke explained the common-law's refusal to permit restraints on the alienation of chattels. Referring to Littleton, who wrote in the 15th century, Charles M. Gray, "Two Contributions to Coke Studies"⁸⁷, Lord Coke wrote:

[If] a man be possessed of . . . a horse, or of any other chattell . . . and give or sell his whole interest . . . therein upon condition that the Donee or Vendee shall not alien[ate] the same, the [condition] is voi[d], because his whole interest . . . is out of him, so as he hath no possibilit[y] of a Reverter, and it is against Trade and Traff[c], and bargaining and contracting betwee[n] man and man: and it is within the reason of our Author that it should ouster him of all power given to him.⁸⁸

A law that permits a copyright holder to control the resale or other disposition of a chattel once sold is similarly 'against Trade and Traff[c], and bargaining and contracting'.

With these last few words, Coke emphasizes the importance of leaving buyers of goods free to compete with each other when reselling or otherwise disposing of those goods. American law too has generally thought that competition, including freedom to resell, can work to the advantage of the consumer.⁸⁹

The 'first sale' doctrine also frees courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods. And it avoids the selective enforcement inherent in any such effort. Thus, it is not surprising that for at least a century the 'first sale' doctrine has played an important role in American copyright law.

Associations of libraries, used-book dealers, technology companies, consumer-goods retailers, and museums point to various ways in which a geographical interpretation would fail to further basic constitutional copyright objectives, in particular "promot[ing] the Progress of Science and useful Arts".

87. (2005) 72 U Chi L Rev 1127, 1135.

88. I.E. Coke, *Institutes of the Laws of England* §360, p. 223 (1628).

89. See e.g., *Leegin Creative Leather Products Inc. v. PSKS Inc.*, 168 L Ed 2d 623; 551 US 877, 886 (2007) (restraints with "manifestly anticompetitive effects" are *per se* illegal; others are subject to the rule of reason).

3]

[Citing examples from associations of libraries, used-book dealers, technology companies, consumer-goods retailers, and museums, the Court states:]

These examples, and others previously mentioned, help explain *why* Lord Coke considered the 'first sale' doctrine necessary to protect 'Trade and Traff[c], and bargaining and contracting', and they help explain *why* American copyright law has long applied that doctrine.

4. Read *UsedSoft GmbH v. Oracle International Corpn.*, Case C-128 of 2011, decided on 3-7-2012 (ECJ) and discuss its application in the Indian law.

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4. Margreth Barrett, "The United States' Doctrine of Exhaustion: Parallel Imports of Patented Goods" (2001) 33 IPLR 231.
5. Tashimanga Kongolo, "Public Interest versus the Pharmaceutical Industry's Monopoly in South Africa" (2001) 4 JWIP 605.

GENERAL POINTS FOR DISCUSSION IN THIS CHAPTER

1. Find out the nature of rights granted to the owners of patent and discuss the distinction between that of rights given to owners of work.
2. Examine the legal distinction between the "exclusive right to prevent" and the "exclusive right to do or authorise" in the light of the rights granted to various intellectual property owners under the Indian laws. Do you agree with the general notion that intellectual property rights are negative rights?
3. Discuss the concept of "property" reflected in the various rights granted to owners of intellectual property.
4. Examine the nature of subject-matter and the nature of the rights given to the subject-matter and discuss the "property" jurisprudence reflected in intellectual property laws. Is intellectual property tangible or intangible? Discuss the distinction, if any, between intellectual property (as "thing") and intellectual property rights (as "right").

5. Discuss the rights granted to owners of patent and new plant varieties and examine the benefits of the sui generis law for protection of rights of plant breeders.
6. Compare the nature of monopoly granted to different categories of intellectual property and discuss the reasons for the same.
7. Discuss the social implications of recognising importation right to owners of intellectual property.
8. Discuss the importance of following an uniform policy of international exhaustion of rights in India.
9. Discuss the problems on access to information and new products at affordable cost in the context of expansion of the scope of existing rights by judicial interpretation and creation of new rights by the legislature.
10. Discuss the nature of protection given to the traditional knowledge of the farming community in India under the Protection of Plant Varieties and Farmers' Rights Act, 2001 and the Biodiversity Act, 2002 and contrast it with the nature of rights granted to owners of intellectual property.
11. Compare and contrast the rights conferred under the Geographical Indications of Goods (Registration and Protection) Act with rights conferred under other intellectual property statutes.
12. Discuss the feasibility of applying the concept of collective ownership recognised under Geographical Indications of Goods (Registration and Protection) Act, as an alternative model for the effective management of intellectual property to facilitate creation of more public goods.

CHAPTER 4

Ownership and Transfer of Intellectual Property Rights

AUTHORSHIP AND OWNERSHIP OF COPYRIGHT

The general rule is that creators/authors are the initial owners or first owners of copyright. This rule got international recognition through the Berne Convention.¹ It is also the international norm that there is no need to satisfy any formalities such as registration, for the author to enjoy the rights.² However, it is interesting to note that the Berne Convention does not define the term "author". Instead, it provides that in the absence of proof to the contrary, the person under whose name the work is disclosed is to be regarded as the author.³ Since the TRIPS Agreement calls upon its members to comply with Articles 1 through 21 of the Berne Convention, 1971 and the Appendix thereto⁴, this is the law now even under the TRIPS. Virtually this leaves it to the national legislations to decide upon the matter. The reason, precisely, is the conflict between the common law and civil-law systems, existing in this field. In the civil-law system, the term "author" denotes the individual creator of the work whereas at least in some common-law systems, the term "author" is used in the broader sense to include also the legal entity responsible for the work.⁵

Joint author

Copyright law also encourages persons to collaborate and collectively produce works by recognising joint authorship. Section 2(z)⁶ of the

1. Art. 1 of the Berne Convention.

2. *Ibid.*, Art. 5(2).

3. *Ibid.*, Art. 15(1).

4. Art. 9 of the TRIPS Agreement.

5. J.A.L. Sterling, *World Copyright Law* (Sweet & Maxwell 1998) 155. See for example, the definition given to author of a cinematograph film under both these systems.

6. S. 2(z) read: "work of joint authorship" means a work produced by the collaboration of two or more authors in which the contribution of one author is not distinct from the contribution of the other author or authors.

Copyright Act, 1957 defines work of joint authorship to facilitate this. The Delhi High Court had the occasion to address an interesting question as to whether a person, who gives form to the narration by a renowned Indian freedom fighter Maulana Abul Kalam Azad of his experiences in life, will become the joint author of the book *India Wins Freedom*.

NAJMA HEPTULLA v. ORIENT LONGMAN LTD.

AIR 1989 Del 63

JUSTICE B.N. KIRPAL

This order will dispose off the plaintiff's application under Order 39 Rules 1 and 2 for an injunction restraining the defendants from breaking the seals of the covers in which the complete book *India Wins Freedom* is lying and will also dispose of an application under Order 39 Rule 4 being Interim Application 1750 of 1988 for vacation of the ad interim ex parte injunction by which Defendants 1, 3 and 4 had been restrained from breaking the said seals of the covers of the aforesaid book.

The plaintiff, claiming herself to be one of the legal heirs of late Maulana Abul Kalam Azad, has filed the present suit for rendition of accounts and injunction. The main relief is sought against Defendant 1, Orient Longman Limited which is a publisher of repute and with whom an agreement had been entered into by Prof. Humayun Kabir, who had been Maulana Azad's admirer, close associate and who is claimed, by his daughter Defendant 6 to be the real author of the book *India Wins Freedom*. In order to appreciate the points in issue, it is necessary to set out the background in which the present controversy occurs.

According to the plaintiff, Maulana Azad, during his lifetime, wrote the aforesaid book *India Wins Freedom*. It is clear that Prof. Humayun Kabir, father of Defendant 6, was associated with the writing of the said book. According to Defendant 6 the said book was composed and written by her father and he is the author thereof. It appears that the manuscript of the aforesaid book was ready for publication sometime in November 1957. Before the book could be published, Maulana Azad died on 22-2-1958. After that on 25-3-1958 Prof. Kabir wrote to National Archives asking them whether they would be willing to act as trustees for the complete manuscript, including 30 pages which have not been published till today but were required to be published after 30 years of Maulana Azad's death i.e. after 22-2-1988. A similar letter was written by Prof. Kabir on 3-4-1958 to the National Library, Calcutta. On the National Archives, New Delhi and the National Library, Calcutta agreeing to keep the complete manuscript in their safe custody and to open the same only on or after 22-2-1988, one copy each of the complete

manuscript in a sealed cover was sent by Prof. Kabir to the National Archives and the National Library.

At the time when Maulana Azad died, two of his nearest relatives who were living were Fatima Begum and Nooruddin Ahmed. Fatima Begum was Maulana Azad's sister and the grandmother of the plaintiff and Defendant 5 Nahid Siddiqui. Nooruddin Ahmed was Maulana Azad's nephew, his father, who was Maulana Azad's brother having died much earlier. On 20-5-1958, Nooruddin Ahmed and on 29-5-1958, Fatima Begum signed two documents which were identical which purported to give their consent to the arrangement which had been arrived at for the publication of the aforesaid book, excluding the 30 pages which were lying in sealed cover with Orient Longman Limited.

On 2-9-1958 an agreement was entered into between Prof. Humayun Kabir and Orient Longman for publication of the aforesaid book, excluding the 30 pages, which were lying sealed with the National Archives and National Library. In the said agreement Prof. Kabir was stated to be the composer of the aforesaid book and it was mentioned that Maulana Azad had during his lifetime dictated and given certain notes to Prof. Kabir and out of that material Prof. Kabir composed the book, which had been approved by the late Maulana Azad. It was also mentioned that the complete book had been deposited with National Archives and National Library with instructions that the seals would be broken on 22-2-1988 and the complete book would be made available at that time. The said agreement provided for Orient Longman to publish the work at their own expense and risk and to pay half of the royalty which was alleged to be payable to the composer, to be paid to Indian Council of Cultural Relations and the other half to be paid to Fatima Begum and Nooruddin Ahmed in equal shares. What is of importance to note is that the said agreement also referred to the sealed book and, with respect thereto, it was stipulated in the said agreement as under:

It is further agreed and understood that the publishers shall have the first option to publish the complete book as originally composed and now lying under sealed cover with the National Archives, New Delhi and National Library, Calcutta when the seals are broken on 22-2-1988 as mentioned in the Preamble of this agreement.

It is an admitted case of the parties that Fatima Begum continued to receive her share of the royalties till she died in April 1966. It appears that, on Fatima Begum's death, succession certificate was obtained by her son Hamid Ali and thereupon he received the royalties under the agreement dated 2-9-1958. These royalties were paid to Hamid Ali till his death in December 1981.

[***** discussed the facts relating to legal heirs and continued.]

The first and the important question, which arises for consideration in this case is as to who is the author of the book *India Wins Freedom*. The term "Author" has been defined, not that the definition is of any assistance, in Section 2 clause (d) as meaning "in relation to a literary or dramatic work, the author of the work". Section 55 sub-section (2), however, provides that where in a literary work a name purporting to be that of an author appears on the work as published then the person whose name so appears shall be presumed, unless the contrary is proved, to be the author of the work.

In the present case, the book as published, no doubt purports to show Maulana Azad as the author thereof. It is, however, contended by the defendants that from the preface to the book, written by Prof. Humayun Kabir, as well as from the facts gathered from the Preamble of the agreement dated 2-9-1958, it can be proved that Maulana Azad is not the sole author. While according to Defendant 6 Prof. Humayun Kabir is the sole author, the case of Orient Longman, however, is that Maulana Azad and Prof. Humayun Kabir have, in law, to be regarded as joint authors. The book having been published after Maulana Azad's death, it has to be shown as to whether Prof. Humayun Kabir had the authority to enter into the agreement dated 2-9-1958 with Orient Longman. This authority had to be derived by Prof. Humayun Kabir from the legal representatives of Maulana Azad, irrespective of the fact whether Maulana Azad was the sole or the joint author of the book. What has, however, to be seriously considered is the contention of Ms Pinky Anand to the effect that Prof. Humayun Kabir was the sole author.

My attention was drawn to the preface to the said book written by Prof. Humayun Kabir on 15-3-1958 in which he has referred to the background and the manner in which the said book was written. According to Prof. Kabir, on his persuasion, Maulana Azad agreed to write his autobiography on Prof. Kabir assuring that he would do his best to relieve Maulana Azad of the actual burden of writing. About two years were spent on the writing of the book and Maulana Azad used to describe his experiences and Prof. Kabir used to make copious notes. When sufficient material would be collected for a chapter, a draft in English would be prepared by Prof. Kabir and handed over to Maulana Azad. Maulana Azad then read each chapter and then both Prof. Kabir and Maulana Azad went over the said chapter together. It is at this stage that Maulana Azad is stated to have made many amendments, additions, alterations and omissions. The first draft of the completed book was ready in September 1957 and, according to Prof. Kabir, Maulana Azad then decided that some 30 pages of the book dealing with the incidents and reflections mainly of a personal character should not be published for the present. It was Maulana Azad's direction that a copy each of the complete text should be deposited under sealed cover in the National Library and the

National Archives. After the text of 30 pages was excluded, a revised draft was prepared and was presented to Maulana Azad towards the end of November 1957. It is further mentioned by Prof. Kabir, in the preface, that when the final draft was ready, Maulana Azad went through the manuscript chapter by chapter and sentence by sentence and made some minor alterations. It has also been stated that there are opinions and judgments in the book with which Prof. Kabir did not agree "but since my (Prof. Kabir's) function was only to record Maulana Azad's findings, it would have been highly improper to let my views colour the narrative". It has further been mentioned that it is difficult for a man to reflect with complete accuracy the views and opinions of another, when expressed in a different language. Maulana Azad used to convey his thoughts in Urdu and the same were expressed in English by Prof. Humayun Kabir.

The reading of the agreement dated 2-9-1958, however, shows that Prof. Kabir assumed to himself the role of a composer of the book. This is an improvement, if not at variance, with what Prof. Kabir himself wrote in the preface to the book on 15-3-1958. In the agreement, it has been made out as if Maulana Azad dictated certain notes to the composer and it is the composer who, out of the materials obtained, composed the book, which was approved by Maulana Azad. Another improvement in this agreement is that it has been made out as if one half of the royalty was payable to Prof. Kabir in accordance with the wishes of Maulana Azad.

At this interlocutory stage, in the absence of any other evidence on record, I will proceed on the assumption that the facts, as narrated by Prof. Kabir himself in the preface dated 15-3-1958 with regard to the manner in which the manuscript of the book was prepared, are correct. While relying upon what has been stated by Prof. Kabir in the preface, the submission on behalf of Defendant 6 is that the only conclusion which can be arrived at is that it was Prof. Kabir and not Maulana Azad who was the author of the said book. It was submitted that Maulana Azad merely gave the ideas and the thoughts and conversed with Prof. Kabir in Urdu and it is in fact Prof. Kabir who wrote the manuscript in English.

[***** discussed *Donoghue v. Allied Newspapers Ltd.*⁷, *Walter v. Lane*⁸ and continued.]

The case of *Donoghue v. Allied Newspapers Ltd.*⁹ does appear to support the contention of the learned counsel but the concept of joint authorship was not agitated before the Court. This concept is recognised under the Indian law Section 13, sub-section (2) of the Copyright Act, as well as in England. More than 100 years ago, in the case of *Levy*

7. 1938 Ch 106: (1937) 3 All ER 503.

8. 1900 AC 539: (1900-03) All ER Rep Ext 1666 (HL).

9. 1938 Ch 106: (1937) 3 All ER 503.

v. *Rutley*¹⁰, the Court had to consider the concept of joint authorship. [**** discussed the facts and continued.]

It was observed by Justice Byles that

If the piece had been originally written by the plaintiff and Wilks jointly, in prosecution of a pre-concerted joint design, the two might have been said to be co-authors of the whole play, notwithstanding that different portions were respectively the sole productions of either.

Justice Keating agreed with the aforesaid conclusion and observed as under:

The question for us to consider is, therefore, whether the plaintiff has proved that he was joint author of his play with Wilks. I am of opinion that he has failed to do so. I entirely agree with my Brother Byles that, though it may not be necessary that each should contribute the same amount of labour, there must be a joint labouring in furtherance of a common design.... But I fail to discover any evidence that there was any co-operation of the two in the design of this piece, or in its execution, or in any improvements either in the plot or the general structure.... If the plaintiff and the author had agreed together to rearrange the plot and so to produce a more attractive piece out of the original materials, possibly that might have made them joint authors of the whole. So, if two persons undertake jointly to write a play, agreeing in the general outline and design, and sharing the labour of working it out, each would be contributing to the whole production, and they might be said to be joint authors of it. But, to constitute joint authorship, there must be a common design.

It would follow from the aforesaid that if two persons collaborate with each other and, with a common design, produce a literary work then they have to be regarded as joint authors.

[**** discussed the implications of *Donoghue case*¹¹ and continued.]

A literary work consists of matter or material or subject, which is expressed in a language and is written down. Both the subject-matter and the language are important. It is difficult to comprehend, or to accept, that when two people agree to produce a work where one provides the material on his own, and the other expresses the same in a language which is presentable to the public then the entire credit for such an undertaking or literary work should go to the person who transcribed the thoughts of another. To me, it appears that if there is intellectual contribution by two or more persons pursuant to a pre-concerted joint design to the composition of a literary work then those persons have to be regarded as joint authors.

In the present case, from what has been stated by Prof. Kabir in the preface, it is clear that there was active and close intellectual collaboration and co-operation between Maulana Azad and Prof. Humayun

10. (1871) LR 6 CP 523.

11. 1938 Ch 106; (1937) 3 All ER 503.

Kabir, which resulted in the book *India Wins Freedom*. There was a pre-concerted joint design between the two in the writing of the book. The material for the book was supplied by Maulana Azad with a clear understanding that Prof. Kabir will describe those thoughts and conversation and write the same in English language. It is not as if Maulana Azad did not know English. The preface itself shows that Maulana Azad, along with Prof. Kabir, read every word of the manuscript and made alterations, additions, omissions and corrections. It is Maulana Azad who decided as to which 30 pages of the book were not to be published and it is he who decided as which of his views should be contained in the book. In fact Prof. Kabir has categorically stated that his function was only to record Maulana Azad's findings and it would have been highly improper to let his views colour the narrative. Even the conduct of Prof. Kabir belies the contention that it is he who was the sole author. As already noted herein above, 50 per cent of the royalty of the book has been paid to the legal representatives of Maulana Azad. This is an arrangement, which was entered into by Prof. Kabir with Orient Longman. If Prof. Kabir had regarded himself as the sole author then there would have been no occasion or necessity for securing payment of royalty to the legal representatives of Maulana Azad. For the aforesaid reasons, it is not possible for me to come to the conclusion that Prof. Kabir was the sole author of the aforesaid work. As at present advised, it appears to me, that Maulana Azad and Prof. Kabir have to be regarded as the joint authors of the said work. Prof. Kabir was more than a mere scribe of the thoughts of Maulana Azad. Both of them actively and intellectually collaborated in the composition of the literary work.

[**** discussed in detail the authority of Prof. Kabir to enter into agreement to publish and continued.]

There is also considerable force in the contention of the counsel for the applicant-plaintiff that the book *India Wins Freedom* having been published for the last 30 years in terms of the agreement dated 2-9-1958, without any objection by Fatima Begum or any of her descendants or descendants of late Maulana Azad, the balance of convenience is against the plaintiff and no injunction should be granted especially when no irreparable loss or injury would be caused to the plaintiff as Defendant 1 can always be directed to keep true and correct accounts in respect of sale of the aforesaid book. As already observed, it was the desire and wish of Maulana Azad that the complete book should be published. It is not without reason that the 30 pages, which have not yet been made known to the world, were written. When the desire, intention and direction of the author was for the publication of the book then the only interest which a legal representative of the deceased author, as a holder of the copyright can have is to adequate royalty from the publication of the work. As long as this right of the holder of the copyright, who is not

the author, is secured, it would not be advisable or proper for the courts to restrain the publication of the work. Had Maulana Azad not intended that the said 30 pages should be published then, possibly, the plaintiff might have legitimately prayed for an injunction restraining the publication of the complete book or from making the said 30 pages public. But this is not the case here. The direction of Maulana Azad was that ultimately the entire book should be published.

For the aforesaid view that I am taking, it is not necessary for me to deal with the other contentions, which have been raised by the defendants. I accordingly vacate the aforesaid ad interim injunction whereby the defendants had been restrained from breaking the seals of the covers of the complete book *India Wins Freedom* and from making its contents known to the public. In order to secure the interest of the plaintiff, Defendant 1 shall however, give security in the sum of ₹1,00,000 to the satisfaction of the Registrar of this Court. This security shall be furnished prior to Defendant 1 publishing the complete book. Interim applications stand disposed of. No costs. Order accordingly.

POINTS FOR DISCUSSION

1. Do you agree with the following finding of the Court in the light of the definition of "work of joint author" in Section 2(z) of the Copyright Act?

There was a pre-concerted joint design between the two in the writing of the book. The material for the book was supplied by Maulana Azad with a clear understanding that Prof. Kabir will describe those thoughts and conversation and write the same in English language. It is not as if Maulana Azad did not know English. The preface itself shows that Maulana Azad, along with Prof. Kabir, read every word of the manuscript and made alterations, additions, omissions and corrections. It is Maulana Azad who decided as to which 30 pages of the book were not to be published and it is he who decided as which of his views should be contained in the book. In fact Prof. Kabir has categorically stated that his function was only to record Maulana Azad's findings and it would have been highly improper to let his views colour the narrative. Even the conduct of Prof. Kabir belies the contention that it is he who was the sole author. As already noted herein above, 50 per cent of the royalty of the book has been paid to the legal representatives of Maulana Azad. This is an arrangement, which was entered into by Prof. Kabir with Orient Longman. If Prof. Kabir had regarded himself as the sole author then there would have been no occasion or necessity for securing payment of royalty to the legal representatives of Maulana Azad. For the aforesaid reasons, it is not possible for me to come to the conclusion that Prof. Kabir was the sole author of the aforesaid work. As, at present advised, it appears to me, that Maulana Azad and Prof. Kabir have to be regarded as the joint authors of the said work. Prof. Kabir was more than a mere scribe of the thoughts

- 4) of Maulana Azad. Both of them actively and intellectually collaborated in the composition of the literary work.
2. Contrast the above observation with the following and discuss who is the author of the book?

The 30 pages were admittedly written and it was the intention of Maulana Azad that the same should be published immediately or, if Prof. Kabir is to be believed, published after 30 years. This intention of the author, who died over 30 years ago, ought not to be lightly interfered with, at the instance of one of the legal representatives, at this point of time.

THE TRUE AND FIRST INVENTOR AND THE PATENTEE

The definition of "true and first inventor" in the Patents Act, 1970 simply states that it "does not include either the first importer of an invention to India or a person to whom an invention is first communicated from outside India".¹² However, it is not necessary that the true and first inventor is always the patentee. The patentee can be his assignee or legal representative as well.¹³ It is clear that it is the applicant (patentee) who becomes the owner of the patent rights and not the true and first inventor, if he is not the applicant. The Allahabad High Court in *Shining Industries v. Shri Krishna Industries*¹⁴ examined the nature of the assignment of the invention to obtain a patent and its consequence to the true and first inventor and observed thus:

An invention is not a property right unless it has been patented. The assignment of an invention can, therefore, be made even by word of mouth. Consequently, if it was stated in the application moved on behalf of the respondent firm, of which Bodhraj Anand was a partner, that the invention was assigned to the respondent firm, it was a valid assignment within the meaning of sub-section (3) of Section 3. A photostat copy of the patent was filed along with the plaint and another copy was filed later. It is explicitly stated therein that Raghuraj Lal Anand and Bodhraj Anand were the partners of the firm, that they had declared that they were in possession of an invention for improved key-operated padlock and that they were the assignees of the true and first inventor. The fact that there is a mention of the assignment in the patent indicates that while making the application an assignment was made by Bodhraj Anand in favour of the firm which constituted of himself and Raghuraj Lal Anand as partners. There is a prescribed proforma (Form 1-A) for making application for obtaining patent. There is a specific column in that proforma for mentioning that the applicant is the assignee or legal representative of the true and first inventor. Bodhraj Anand, during his examination in the trial court stated that he was the inventor of the mechanism of the locks in question, but the application to the Controller of the Patents was made in the name of the firm and not in his name. He

12. S. 2(1)(y), Patents Act, 1970.

13. A combined reading of Ss. 2(1)(p), 6 and 43 reveals this.

14. AIR 1975 All 231; 1974 All LJ 960.

further stated that he had told the attorney who drafted his application that the invention was made by him, that he and Raghur Lal Anand were the two partners of the firm and that the invention of the mechanism should be patented in the name of Sri Krishna Industries. In view of the fact that a column for mentioning that fact existed in the proforma of the application, the aforesaid statement made by Bodhraj Anand appears to be correct.

Therefore, the oral statement made by Bodhraj Anand, together with the recital of the fact of assignment in the patent in our opinion, is sufficient proof of the fact that Bodhraj Anand assigned the invention in favour of the partnership.¹⁵

Concept of inventor

One of the interesting questions that came in the context of the interpretation of the word "inventor" is whether a legal person could be treated as an inventor. This was discussed in the following case.

V.B. MOHAMMED IBRAHIM v. ALFRED SCHAFRANEK AIR 1960 Mys 173

JUSTICE MALIMATH

This appeal arises out of a suit praying for damages for ₹ 30,000 and also for an injunction restraining Defendants 1 to 3 from manufacturing or marketing flower design chair seats. These reliefs are apparently claimed on the ground that the plaintiff has the patent rights under the Patents and Designs Act. But it is a curious suit in that the registered patentees are admittedly Defendants 1 and 2 and on their assignment, the name of Defendant 3 has been registered as an assignee. Admittedly, the name of the plaintiff is nowhere to be found in the Register of Patents. Ordinarily, a suit for infringement of this nature is brought by a patentee against strangers on the allegation that there is an infringement by them of the patent rights. In this case, it is just the reverse of it. We had, therefore, to ask the learned advocate for the appellant to explain how he claims the rights of a patent so as to enable him to file such an action for infringement.

His contention is that although his name is not registered as a patentee, the patent rights accrue to him by reason of the fact that the invention in question was made by the joint skill ingenuity and labour of Defendants 1 and 2 as well as of the plaintiff who formed the partnership and carried on business under the name and style of Bangalore Wood Industries. This claim of the plaintiff is assailed on the ground that no such case is made out anywhere in the pleadings and also on the ground that the suit

15. *Ibid.*, 231, 233 (AIR) per J.M.L. Sinha, J.

is not maintainable as it contravenes the provisions of Section 29(2) of the said Act.

[***** referred to sections and continued.]

"Patentee" means the person for the time being entered on the Register of Patents kept under this Act as the grantee or proprietor of the patent. It is not disputed that the name of the plaintiff finds no mention in the Register of Patents. It is, therefore, contended that the plaintiff has no right to file a suit under Section 29. As already mentioned in the reply for the appellant is that by reasons of the joint acquisition, the plaintiff has derived a beneficial interest in the rights of a patent. Whether there is evidence to show that he has acquired this right or not, is a question of fact which will be discussed later. Assuming that he has acquired such a right the remedy appears to be the one provided under Section 68 of the Act. Sub-section (1) of that section requires that any person, who becomes entitled by assignment, transmission or other operation of law to a patent, may make an application to the Controller to register his title. The Controller shall, on proof of his title, register him as the proprietor of such patent. In this case, it is admitted that the plaintiff has not made any such application and consequently there is no entry of his name in the Register.

As such, he cannot be deemed to be a patentee qualified to institute a suit under Section 29. The learned advocate for the appellant contends that Section 63 is an enabling section and that, although it was open to the appellant to follow the procedure laid down in that section, it does not debar him from bringing an action under Section 29 on the allegation that he is a person who has acquired the rights of a patent and to prove such an acquisition in the Court. Whether such a construction admits the inclusion of persons claiming to be patentees within the meaning of Section 29(1) is a matter that deserves consideration. Assuming that the intention of the Legislature was to give such an extensive use, nothing prevented it from saying that a "patentee or a person claiming to be a patentee" may institute a suit instead of restricting the right to file a suit to a patentee alone.

The obvious intention of including the provisions of Section 63 in the Act is for the purpose of helping a person like the plaintiff who may have been left out from getting his name included in the Register by proving before the Controller that he has got the rights which he claims. It is only then that he acquires the rights of a patent under the Act and that he can file a suit under Section 29. A similar view has been expressed by the Calcutta High Court in *Hiralal Banjara (Patents & Designs Act)*, re¹⁶. The plaintiff in that case alleged that he was the proprietor of the patent

16. AIR 1937 Cal 365; ILR (1937) 2 Cal 230.

POINTS FOR DISCUSSION

1. Identify the reasons for insisting that human beings alone could be treated as inventors.
2. Discuss the provisions in the Indian Patents Act to protect the interest of the true and first inventor.
3. Identify the reasons for different norms in copyright and patent for recognising the creators of works and inventions for granting legal protection.

INTELLECTUAL PROPERTY RIGHTS DURING EMPLOYMENT

It is a well-recognised norm in intellectual property law that the creator of the product of intellectual labour is the first owner of the property rights. Only with his consent, the ownership of the property rights could be transferred. Hence even in cases where the products are developed during employment, the law insists for a proper contractual agreement for the transfer of rights to the employer. But there are exceptions to this rule and some legal systems envisage automatic transfer of rights in case of products developed during employment. Copyright law in India is one such case. In the case of copyright, the law insists that the author himself is the first owner.¹⁷ However, if the work is made in the course of employment and under a contract of service, the ownership vests with the employer, unless there is a contract to the contrary. Nevertheless, the decision as to whether a work is made "in the course of employment" and under a "contract of service" is not a simple one. Since the labour involved is intellectual in nature, it hardly fits in the strict definition of master-servant relation. Moreover, the modern concept of a contract of employment has moved away from the traditional concept of master-servant relation.

There is no comprehensive definition to contract of service. Traditionally, the most important criterion to distinguish a "contract of service" from a "contract for service" was the power of the employer to control the work of the employee. However, the recent changes in the practice of the labour market has resulted in a shift in the emphasis to the control test. Moreover, a skilled employee will normally not be subject to actual control over the details of his work. The factors identifying a "contract of employment" are elicited from the recent case laws and enlisted in *Chitty on Contracts*¹⁸ as follows:

1. The degree of control exercised by the employer.
2. Whether the worker's interest in the relationship involved any prospect of profit or risk of loss.

17. See, S. 17, Copyright Act, 1957.
18. Vol. 2 (29th Edn.) 943-44.

3. Whether the worker was properly regarded as part of the employee's organisation.
4. Whether the worker was carrying on business on his own account or carrying on business of the employer.
5. The provision of equipment.
6. The incidence of tax and national insurance.
7. The parties' own view of their relationship.
8. The traditional structure of the trade or profession concerned and the arrangements within it.

The control test remains an important factor of the contract of employment though it could not be considered a conclusive proof of it. For example, in the case of a skilled employee, though there cannot be any control over the details of his work, the employer could give general directions as to the work or as to the working hours and working place. The next important test is with respect to organisation. An employee is usually an integral part of the organisation or business of the employer. The organisation test has more recently been formulated in a negative form as: "Is the person, who has engaged himself to perform these services, performing them as a person in business on his own account?"¹⁹ It is considered that, expressed in that form, the test is becoming one of the most significant criteria for identifying the contract of employment.²⁰ However, it is unfortunate to note that no serious attempt is made by the Indian judiciary, at least in the area of intellectual property law, to distinguish cases of contracts of service from contracts for service.

Author and employer

One of the issues that came for consideration is whether the author could be the employer as per Section 17 of the Copyright Act. This was discussed in the following case. Instead of properly examining the scope of Section 17 and deciding the case in favour of the author, the Court appealed to the magnanimity of a "mighty publishing house" for a "gracious gesture" towards its former employee.

V.T. THOMAS v. MALAYALA MANORAMA CO. LTD.

AIR 1989 Ker 49: (1988) 1 KLT 433

JUSTICE K. SUKUMARAN

[**** the Court started with some general remarks and continued.]
The literate Kerala would always remember with affection, the childish characters, Boban and Molly, presented to them through the cartoon

19. *Ibid*, 948.
20. *Ibid*.

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pages. Children have been enjoying throughout their pranks and mischiefs, their adventures and even admonishable actions. The companion characters include their "Daddy" (a busy lawyer but without much of exacting briefs) and "Mummy" and the President of the local authority with his unenviable share of intellectual acumen, and, last but not the least the chummy cur Toms, as he is popularly known—V.T. Thomas, as described in the plaint—has presented them through the pages of Manorama. The arrangement under which such presentation was made, changed from time to time. Initially, he was "getting small amounts by slips which have to be prepared and sanctioned every week and every month". He was treated as a journalist and fitted into the Sub-Editor's scale (₹ 525 per month) and assigned the main function "to draw Boban and Molly in the Weekly".²¹ There is no dispute that he retired from that concern on 30-6-1987.

There is no retirement for an artist. The creative faculty, the gift with which an artist is endowed, need not fail, even as he saunters along the shadow of the evening of his life. Toms felt so. Toms continued his artistic productions; those presentations, however, appeared in a rival publication—the Kala Kaumudi. Then came the rub. And in quick succession came the suit and the injunction petition, and the ad interim order of trial court below.

[***** the Court assumed the allegations and continued.]

As regards works of Toms, made and published in Manorama during the time he was an employee of Manorama, I am disinclined to disturb the present order. It means that neither Toms nor any other publisher could have the right to republish the series of the cartoons drawn by Toms and published by Manorama during that period, till the final disposal of the interlocutory petition or the suit as the case may be. Even at that point of time, the rights of parties would be as indicated in the order or decree for the time being in force.

In coming to that conclusion, I proceed on the basis that Toms is the author of the artistic works. (The idea is expanded and explained in greater detail later.) Ordinarily and generally, the author would be the proprietor of the copyright in the artistic works. Commercial organisation has its interplay even in relation to artistic inspiration and its resultant protection. Statutory recognition of such consideration has its reflection in Section 17 of the Act. My understanding of the provisions under Section 17(a) and (c) of the Act is that, *prima facie*, in relation to such productions, the employer has a statutorily recognised copyright in those productions, as those productions were made by him at a time when he was the employee.

21. See, K.M. Mathew's letter dt. 13-11-1967.

Then comes the next question, and the more important one, particularly from the point of view of the appellant publishers who have entered into an arrangement with Toms for presenting these characters and cartoons through their publication "Kala Kaumudi". With the termination of the employment of Toms with Manorama the restrictive inhibitions in relation to his artistic formulations linked with Section 17 have been removed—is the contention of the appellant. This was attempted to be countered on behalf of the respondent by leaning, and heavily leaning, on Section 17(c), a proviso to the general provision conferring the right of copyright on the author of work. The proviso reads:

Provided that—

(a)-(b) *****

(c) in the case of a work made in the course of the author's employment under a contract of service or apprenticeship, to which clause (a) or clause (b) does not apply, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

To the repeated enquiries from the Court, counsel for the respondent strongly emphasised his contention based on what, according to him, was the scope and ambit of Section 17(c). According to him, even as regards future cartoons, Manorama is the "author" as understood in that section, and Manorama is also the employer referred to in the latter limb of that provision. Section 17(c), according to counsel, has the effect of transferring for all time to come (subject of course, to the inescapable limitations of human institutions) the potential productions attributable to the artistic genius of Toms.

[***** discussed the facts and continued.]

The term "author" occurring in Section 17(c) is defined under Section 2(d). That term has to be understood in relation to a "work". Two different entities are visualised in the sub-section, the "author" and the "employer". It is impossible to imagine that in relation to any artistic work, the same person would simultaneously be the author and the employer. It is therefore unimaginable that as regards the cartoons and caricatures produced by Toms, Manorama is the author. Toms is the person who clothes the idea in form. He is not a mere shorthand writer transcribing an author's stenographer words. Toms is the person who impregnates an idea: one who actually executes a design. It is Toms' hands, which fix the picture upon the paper. Toms is therefore the author. In essence, his authorship of the content and form of the cartoon series way back in 1957 (at a time when he was not the employee of Manorama as is inferable from para. 21 of the plaint itself) ordinarily entitles him to the copyright.

The artistic works of an author made as employee, and while in the course of his employment, pass on to the employer in contingencies

postulated, inter alia in Section 17(c). This process comes to an end in certain situations. The termination of the employment is one such situation. There has been such a situation in the present case. It would then follow that as regards the future productions of Toms, there is no inhibition arising out of the statutory sanction under Section 17(a). He is free to draw. He is independent to take his brush and draw the lines and create the figures. He can give life to his characters as he wishes, and he can present them in such media as he prefers.

[**** the Court discussed other issues and continued.]

In the light of the discussion, I do not find even an arguable case for the plaintiff-respondent in relation to the future artistic productions of Toms. That conclusion warrants art interference with the interlocutory order passed by the Court below. That portion of the order which has the effect of precluding Toms hereafter from drawing the cartoon series "Boban and Molly" and preventing the appellant-publishers from publishing them individually or in a series, has therefore to be stayed. I do so.

It is better that the appeal itself is posted and disposed of. The disinclination of either counsel to have the appeal itself heard necessitated the pronouncement of this interim order. The appeal can be posted on a nearer date as is possible. The office will post the appeal on 14-12-1987. Manorama has a tradition to cherish. Its roots have gone deep in many fields including journalism and literature. The correspondence produced in this case, contains some glow of the refined human values and emotions. How Toms wrote to "Mathewkuttichayan" (that was how K.M. Mathew who is acknowledged as the leading light of Manorama is known to many) cherishing the value of the latter's advice and expressing sincere gratitude for his snow soft correctional approach. A revival of that good personal relationship would be a welcome development even if parties agree to disagree. Assuming that Manorama has some semblance of a claim, that mighty publishing house which has contributed much to enrich the literature and culture of Kerala can, in larger public interest and for a better understanding with the world of writers and artists, afford to act magnanimously—a gracious gesture, a dignified retreat. That is a fleeting thought of a vexed Court. A gratuitous advice is not the piece of ice on which the eye may spy when feud's fever is unabatedly high. Yet it is there.

The petition is disposed of as above. Order accordingly.

However, in the judgment dated 4-1-1988²², the Court made the following statement:

**** the plaintiff and Defendants 2 to 4 have been continuing the cartoon serial in their respective periodicals. Subject to the result of the suit, that healthy competition can continue. That is not out of tune with the ethos of

22. V.T. Thomas v. Malayala Manorama Co. Ltd., AIR 1988 Ker 291.

a nation where many thousand flowers bloom and many thousand thoughts contend. Such temporary continuation of the present situation till the disposal of the suit would, I feel, be in consonance with legal principles, in the circumstances.

POINTS FOR DISCUSSION

1. Discuss the legal implications of the reasoning of the Court.
2. What is the rationale for recognising copyright in the cartoon characters independent of the expression of the characters in the cartoon series?
3. Assume that Toms develops the cartoon characters during the course of his employment in Malayala Manorama. Discuss whether it is possible for Toms to use the characters after his retirement.
4. Assume that instead of arguing that Malayala Manorama is the "author" of the cartoon characters they argued that they have the ownership. Do you think that the decision will change?
5. Is the Court justified in allowing both the parties to continue with the publication of the cartoon after concluding that the cartoon characters are developed by the author before he joined as an employee of the plaintiff?

READ

Gee Pee Films (P) Ltd. v. Pratik Chowdhury, (2002) 24 PTC 392 (Cal).

Contract of employment and contract for employment

The crucial factor in determining the nature of employer-employee relationship is the contractual obligation existing between them. That is, to see if it is in the nature of contract of employment or contract for employment. Section 17 of the Copyright Act contemplates both the situations in different kinds of works. One such area is the production of cinematograph work. Section 17(b) has a specific reference to ownership of cinematograph film made for valuable consideration. There could also be a possibility of cinematograph film being produced based on the conditions in Section 17(c). It is to be remembered that many creative persons are involved in the production of the film but the Act treats the producer as the author of the film. The law as per Section 13(3) and (4) presupposes contractual relationship with these creators to safeguard their interest. The interesting question is whether this balance could be tilted by Section 17. It appears that the Supreme Court failed to appreciate this in the following case.

INDIAN PERFORMING RIGHT SOCIETY LTD. v.
EASTERN INDIA MOTION PICTURE ASSN.

(1977) 2 SCC 820: AIR 1977 SC 1443

(JUSTICE JASWANT SINGH AND JUSTICE V.R. KRISHNA IYER)

JUSTICE JASWANT SINGH

[***** facts already discussed. Extracts of the relevant portions on Section 17.]

On a conspectus of the scheme of the Act as disclosed in the provisions reproduced above particularly clauses [(d)(v)], (f), (m), (v) and (y) of Section 2, Sections 13(1) and 14(1)(c), provisos (b) and (c) to Section 17 and Sections 22 and 26 of the Act, it is, therefore, abundantly clear that a protectable copyright (comprising a bundle of exclusive rights mentioned in Section 14(1)(c) of the Act) comes to vest in a cinematograph film on its completion which is said to take place when the visual portion and audible portion are synchronised.

This takes us to the core of the question, namely, whether the producer of a cinematograph film can defeat the right of the composer of music or lyricist by engaging him. The key to the solution of this question lies in provisos (b) and (c) to Section 17 of the Act reproduced above which put the matter beyond doubt. According to the first of these provisos, viz. proviso (b) when a cinematograph film producer commissions a composer of music or a lyricist for reward or valuable consideration for the purpose of making his cinematograph film, or composing music or lyric therefore, i.e. the sounds for incorporation or absorption in the sound track associated with the film, which as already indicated, are included in a cinematograph film, he becomes the first owner of the copyright therein and no copyright subsists in the composer of the lyric or music so composed unless there is a contract to the contrary between the composer of the lyric or music on the one hand and the producer of the cinematograph film on the other. The same result follows according to aforesaid proviso (c) if the composer of music or lyric is employed under a contract of service or apprenticeship to compose the work. It is, therefore, crystal clear that the rights of a music composer or lyricist can be defeated by the producer of a cinematograph film in the manner laid down in provisos (b) and (c) of Section 17 of the Act. We are fortified in this view by the decision in *Wallerstein v. Herbert*²³, relied upon by Mr Sachin Chaudhary where it was held that the music composed for reward by the plaintiff in pursuance of his engagement to give effect to certain situations in the drama entitled "Lady Andley's Secret", which was to be put on the stage was not an independent composition but was merely an

23. (1867) 16 LT 453.

accessory to and a part and parcel of the drama and the plaintiff did not have any right in the music.

JUSTICE V.R. KRISHNA IYER

The solution is simple. The film producer has the sole right to exercise what is his entitlement under Section 14(1)(c) qua film; but he cannot trench on the composer's copyright which he does only if the "music" is performed or produced or reproduced separately in violation of Section 14(i)(a). For instance, a film may be caused to be exhibited as a film but the pieces of music cannot be picked out of the sound track and played in the cinema or other theatre. To do that is the privilege of the composer and that right of his is not drowned in the film copyright except where there is special provision such as in Section 17, proviso (c). So, beyond exhibiting the film as a cinema show, if the producer plays the songs separately to attract an audience or for other reason, he infringes the composer's copyright. Anywhere, in a restaurant or aeroplane or radio station or cinema theatre, if a music is played, there comes into play the copyright of the composer—the Performing Arts Society. These are the boundaries of composite creations of art which are at once individual and collective, viewed from different angles. In a cosmic perspective a thing of beauty has no boundary and is humanity's property but in the materialistic plane on which artists thrive, private and exclusive estate in art subsists. Man, the noblest work of the Infinite Artist, strangely enough, battles for the finite products of his art and the secular law operating on the temporal level, guardians material works possessing spiritual values. The enigmatic smile of Mona Lisa is the timeless heritage of mankind but, till liberated by the prescribed passage of time, the private copyright of the human maker says, "hands off".

POINTS FOR DISCUSSION

1. Examine the intention of including cinematograph film in Section 17(b).
2. Do you think that the interpretation given by the Court regarding the automatic transfer of all rights of the authors as per Section 17(b) is correct?
3. Discuss the application of Section 13(4) and (5) while interpreting Section 17(b).
4. Can it be said that an independent music composer who composed the music for a film is composing the music "during the course of the author's employment under a contract of service or apprenticeship" as stated in Section 17(c)?
5. Discuss the implication of the new proviso to Section 17 introduced in the Copyright (Amendment) Act, 2012 which read as follows:

Provided that in case of any work incorporated in a cinematograph work, nothing contained in clause (b) or (c) shall affect the right of the author in the work referred to in clause (a) of sub-section (1) of Section 13.

6. Read the following observation in *University of London Press Ltd. v. University Tutorial Press Ltd.*, (1916) 2 Ch 601 and discuss its application in interpreting Section 17(c).

The meaning of the words 'contract of service' has been considered on several occasions, and it has been found difficult, if not impossible, to frame a satisfactory definition for them. In *Simmons v. Heath Laundry Co.*²⁴ in which the meaning of these words in the Workmen's Compensation Act, 1906, was discussed, Fletcher Moulton LJ pointed out that a contract of service was not the same thing as a contract for service, and that the existence of direct control by the employer, the degree of independence on the part of the person who renders services, the place where the service is rendered, are all matters to be considered in determining whether there is a contract of service. As Buckley LJ indicated in the same case, a contract of service involves the existence of a servant, and imports that there exists in the person serving an obligation to obey the orders of the person served. A servant is a person who is subject to the commands of his master as to the manner in which he shall do his work. A person who is employed by a company at a fixed annual salary to supply weekly articles for a periodical is not a servant within Section 209 of the Companies Consolidation Act, 1908,²⁵ nor can a visiting physician of a hospital who, for an annual salary, undertakes to exercise his judgment, skill, and knowledge in determining whether a patient can safely be discharged, be properly described as a servant.²⁶ In *Byrne v. Statist Co.*²⁷, the meaning of the words in Section 5 of the Copyright Act, 1911, was considered in the case of a person, permanently employed on the editorial staff of a newspaper, who was specially employed by the proprietors to translate and summarise a speech. He did the work in his own time and independently of his ordinary duties, and it was held that in doing so he did not act under a contract of service. In the present case the examiner was employed to prepare the papers on the subject in respect of which he was elected or appointed examiner. He had to set papers for September 1915 and January and June 1916, and his duty also comprised the perusal of the students' answers, and the consideration of the marks to be awarded to the answers. For this he was to be paid a lump sum. He was free to prepare his questions at his convenience so long as they were ready by the time appointed for the examination, and it was left to his skill and judgment to decide what questions should be asked, having regard to the syllabus, the book work, and the standard of knowledge to be expected at the matriculation examination. It is true that the University issued instructions to examiners for the conduct of the examination, but these instructions are only regulations framed with a view to

24. (1910) 1 KB 543 (CA).

25. *Beeton & Co. Ltd., re*, (1913) 2 Ch 279; (1911-13) All ER Rep Ext 1457.

26. *Evans v. Liverpool Corpn.*, (1906) 1 KB 160.

27. (1914) 1 KB 622.

- 4) securing accuracy in the system of marking. Prof. Lodge and Mr Jackson were regularly employed in other educational establishments and were not part of the staff of the London University, and it was not suggested that the other examiners were on the staff of the University. In my judgment, it is impossible to say that the examiner in such circumstances can be appropriately described as the servant of the University, or that he prepared these papers under a contract of service.
7. Discuss possible alternative to "control test" to find out contract of service.
8. Discuss the implication of the new proviso to Section 18(1) and Section 19(9) and (10) introduced in the Copyright (Amendment) Act, 2012 in the relationship of employer and employee in the film and music industry. Identify the practical problems in implementing these provisions?

READ

1. Jeremy Philips, "Employee as Author and Owner of Literary Copyright: Some Reflections" (1979) 1 EIPR 274.
2. Jeremy Philips, "Copyright Ownership and Law Reform in the UK" (1982) 4 EIPR 111.
3. Shelley Stephenson, "Initial Ownership of Copyright under US and UK Law: A Comparison" (1980) 2 EIPR 19.

GENERAL QUESTIONS

1. Discuss the reasons for not including similar provisions [S. 17(a), (b) and (c)] of the Copyright Act in the Patents Act and the practice followed in Europe and US.
2. Discuss the distinction between the concept of author/owner in the Copyright Act and proprietor in the Designs Act.

Transfer of intellectual property

The issue of assignment and licensing of intellectual property rights carries with it the problem that the nature of intellectual property is different from that of other kinds of tangible property. For example, when a person parts with the title over a tangible property, he parts with the corpus of the property and all rights associated with it. In other words, one cannot at the same time part with the property and enjoy it. However, in the case of intellectual property, consumption by one person does not preclude their consumption by another.²⁸ The intellectual property itself is conceptually distinct from the property in which it resides.

28. Peter A. Alces and Harold F. See, *The Commercial Law of Intellectual Property* (Little Brown & Co. 1994) 29.

For example, the invented object and the claims over the invented object are two different things. It is the "claims" that is the property of the patentee. Another peculiarity of intellectual property is its time-limited character. Depending upon the nature of the monopoly and its implications on public good, the terms of different kinds of intellectual property are fixed dissimilarly.²⁹ These characteristics of the intellectual property themselves are the innate reasons behind the problems with respect to its assignment and licensing.

With respect to assignment of different types of intellectual property, the paradigm shift in the concept is a very good indicator of the uncertainty existing in that area. For example, initially the doctrine of indivisibility was a serious restraint in the assignment of copyright. But with the change in time and the change in technological development, the doctrine became part of history. Similarly, trade marks were considered to be incapable of assignment independent of its goodwill. Now trade marks have become property in themselves.

Likewise, in the case of licensing also there are conceptual and practical uncertainties. While a normal licence only makes certain acts permissible, which otherwise constitute trespass, in the case of intellectual property it confers more rights on the licensee. For example, a licensee normally has no rights against the licensor or against third parties and therefore, it is almost a trivial right. However, it is common knowledge that few intellectual property licences are true licences in the normal sense of the word.³⁰ An exclusive licensee of intellectual property, for example, usually has very substantial rights against the licensor.

In order to solve the problem of incommensurability between material property and intellectual property, Christopher May suggests equating intellectual property with leasehold property.³¹ He feels that the ability to transfer the right to exploit the intellectual property while the author, inventor or creator is still able to think, through this idea resonates with the idea of leasehold.

In order to appreciate the exact scope of the intellectual property, it is essential to understand the nature of property involved in it. Is it a movable or immovable property? What is the subject-matter of such property? Is the subject-matter same as or different from the property involved in it?

29. Christopher May suggests that this temporality is an implication of a possible similarity between leasehold property and intellectual property. Christopher May, *A Global Political Economy of Intellectual Property Rights: The New Enclosures* (Routledge 2000) 54.

30. Peter A. Alces and Harold F. See, *The Commercial Law of Intellectual Property* (Little Brown & Co. 1994) 301.

31. Christopher May, *A Global Political Economy of Intellectual Property Rights: The New Enclosures* (Routledge 2000) 56.

Another problem, which the transfer of intellectual property needs to encounter, is with respect to the difference between various types of intellectual property and the diverse nature of each of them. For example, while both patent and copyright are "exclusive" rights, the nature of the "exclusiveness" is fundamentally different.³² Whereas a patentee could exclude even other independent inventors, copyright owner does not have such rights.

EXERCISE

Read Indian Sale of Goods Act and Contract Act and see whether issues on transfer of intellectual property could be effectively taken care of.

COPYRIGHT

The relevance of the issue of transfer of copyright has increased with the tremendous advancements in the field of communication technology. The Indian Copyright Act recognises two types of transfers of intellectual property, namely, licences and assignments. In the case of a licence, no ownership is transferred to the licensee; only some specified interests in the intellectual property are transferred. But in assignments, the ownership itself gets transferred either wholly or partially. Therefore, a licensee, as distinguished from an assignee, does not acquire the proprietorship of the copyright and hence is incapable of bringing in an infringement action unless he joins the owner of copyright as a party to the infringement action. For these and other related issues it becomes highly essential to identify the nature of the property/interest transferred in every contract transferring copyright.

As already stated, the question of assignment or licensing and the rights that get transferred on such assignment or licensing, are complex issues in copyright law as well as in all other fields of intellectual property law. The question becomes even more complex when it comes to the differentiation between exclusive licence and assignment.

Difference between assignment and licensing

The differences between the two are, however, important for different reasons. For example, a failure to pay royalties due under the original agreement may, in the case of a licence, enable a licence to be revoked but in the case of an assignment, cannot lead to recovery of the copyright which has been assigned.³³ The distinction is also significant in relation to the different consequences on the death or insolvency of an assignee

32. M. Roger Milgrim, *Milgrim on Licensing* (LexisNexis 2002) 1-1.

33. Cornish, *Intellectual Property: Patents, Copyrights, Trade Marks and Allied Rights* (14th Edn.) 312. See also, *Reoti Saran Sharma v. Numero Uno Internation*, (1996)

and a licensee.³⁴ However, no Indian court has so far effectively laid down the requirements needed to differentiate between assignments and licensing of copyright. The following cases illustrate the problems in this area.

GRAMOPHONE CO. OF INDIA LTD. v.
SHANTI FILMS CORPN.
AIR 1997 Cal 63

JUSTICE BARIN GHOSH

On 21-8-1986, an agreement was entered between the plaintiff and Defendant 1. The said agreement contains the following, amongst others, covenants:

[***** only clauses relevant for discussion are included.]

3.(A) The producer hereby assigns and transfers and agrees to assign and transfer to the company absolutely and beneficially for the world:

(i) The copyright for making records of all contract works which are made available to the company under the terms of this agreement and the copyright, performing right and all other rights, title and interest in and to the literary, dramatic and musical works embodied in the producer's films including all rights of publication, sound and television broadcasting, public performance and mechanical reproduction of the said works.

(ii) The sole and exclusive right to make or authorise the making of any record embodying the contract recordings, either alone or together with any other recordings.

The producer undertakes to execute or obtain the execution of such further assignments or assurances as may be required to safeguard the parties' rights.

(B) It is hereby declared that the rights hereby assigned and transferred or agreed to be assigned and transferred in pursuance of this agreement, include but are not limited to

(i) the sole right of production, reproduction, sale (under such trade marks as the company may select) use and public performance (including sound and television broadcasting) throughout the world by any and every means whatsoever of records made in pursuance of this agreement;

(ii) the sole right to decide, based on market demand whether and/or when to discontinue or recommence the said production and sale of records and to fix and alter the prices of such records and the irrevocable right and licence at all times to use and publish the names and photographs of artistes, musicians, lyric writers, music directors and other persons associated with and/or engaged in the producer's films in any manner

16 PTC 275: 1995 PTR 132 (Del). Also read, N.S. Gopalakrishnan, "Intellectual Property" 1995 ASIL for a comment on this case.
34. Peter A. Alces and Harold F. See, *The Commercial Law of Intellectual Property* (Little Brown & Co. 1994) 313.

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whatsoever and the producer's trade marks and logos for labelling, cataloguing, promoting and marketing the said records;

(iii) the right to grant licences for publication, sound and television broadcasting, public performance and mechanical reproduction of the contract works or any of them;

(iv) the right of use and public performance (including sound and television broadcasting) throughout the world by every means whatsoever of the contract works or any of them;

and the company shall have the irrevocable right to authorise any other person, firm or corporation to do any and all such acts and things.

[***** other clauses not relevant for discussion.]

8. The company shall be the owner of the original plate within the meaning of the Copyright Act, 1957 and any extensions or modifications thereof of any performance from which any records are manufactured in pursuance of this agreement.

9. The producer

(a) shall not directly or indirectly supply or make available to any individual, firm, company, corporation or other person for the purposes of manufacturing and selling records the whole or any part of the sound track or recorded tape thereof or any other materials made or to be made available to the company under this agreement.

(b) shall not directly or indirectly provide the service of any of the said artistes and/or musicians to perform any of the works, performances of which have been made available to the company for the purpose of manufacturing and selling records hereunder on their own account or for any individual firm, company, corporation or other person other than the company whereby such sound track(s) and performances are or are intended to be recorded in any form from which a record may be offered to the public provided that such sound track(s) and performances by the said musicians can be made available for sound or television broadcasting or cinematograph films in cases in which records thereof are not and are not intended to be offered to the public, except by or with the prior written consent of the company.

(c) shall not do any act which derogates from the grants to the company in this agreement or exercise any rights granted to the company in this agreement.

In this interlocutory application made in an action for infringement and permanent injunction, the plaintiff has contended that it manufactured records and cassettes relating to the said film and has further contended, though incorrectly, that it had paid royalty to Defendant 1. In para. 4 of the petition it was contended that under the agreement the plaintiff is an assignee of the copyright of all works of literary, dramatic or musical nature in the said film and is the owner of the copyright therein within the meaning of the Copyright Act, 1957. It was also contended in the said paragraph that the plaintiff is the owner of the original plate of the

records and cassettes of the songs and music of the said film. It was contended in para. 5 of the petition that in or about last week of November 1995 the plaintiff came to learn that cassettes containing literary, dramatic and musical works of the said film were being released in the market by Respondent 2 and/or Respondents 3 and 4 by copying from the recording of the plaintiff. It was also contended in the said paragraph that Defendants 3 and 4 are claiming to be partners of Defendant 2. In para. 6 of the petition it was contended that Defendant 1 after having received the benefit of the said agreement by receiving royalty thereunder from the plaintiff has purported to authorise Defendants 2 to 4 to manufacture and sell works and music of which the plaintiff is the owner of the copyright. In para. 7 it was contended that the acts and conduct of the defendants amount to infringement of the copyright of the plaintiff.

In the plaint the plaintiff has prayed for permanent injunction, mandatory injunction, delivery up and destruction of the record cassettes, tapes etc. produced by the respondents. In this application interlocutory reliefs have been prayed for in aid of the main reliefs.

[**** discussed facts and continued.]

On merits Defendant 1 has contended in the said affidavit that the agreement dated 21-8-1986 was in reality not an agreement to assign and cannot be construed as anything more than a licence granted to the plaintiff to manufacture and sell records containing the musical works of the said film in which the copyright is and was at all material times vested in Defendant 1. It was stated that Defendant 1 did not ever intend and did not ever assign its copyright in all works of literary, dramatic and musical nature performed in the said film in favour of the plaintiff without consideration. It was stated that there could be no assignment as claimed by the plaintiff without consideration. Alternatively, it was contended that if it is held that there has been an assignment, the plaintiff cannot claim any right on the basis of the said agreement as the terms and conditions contained therein are harsh to Defendant 1 and the plaintiff has delayed in publication of the concerned works. In support of the contention that Defendant 1 intended to grant a licence, copy of a letter dated 25-8-1986 was annexed to the petition. It was stated that on receipt of the said letter the plaintiff represented that an agreement is required to be entered into, whereupon Defendant 1 had subscribed its signature on a document without the blank spaces contained therein being filled in. It was the specific case of Defendant 1 that no copy of the said document was ever furnished to it. It was also the specific case of Defendant 1 that by filling up the said document the plaintiff has introduced the agreement dated 21-8-1986. It was stated that the plaintiff at that time had a monopoly in the business of producing records and cassettes. It was stated that Defendant 1 did not obtain an independent advice with regard to the terms and conditions of the said agreement and

it had no option in the matter by resort of the superior bargaining power and dominant position of the plaintiff vis-à-vis Defendant 1. It was thereupon stated that the agreement is illegal, null and void and in any event voidable and Defendant 1 has avoided the same or is avoiding the same. It was lastly contended that the agreement contains reciprocal promises which were not performed, and as the consideration for the same has wholly failed and therefore no effect can be given to the same.

[**** continued with the facts and affidavits.]

In this case, the plaintiff is admittedly owner of the original plate and the same is recognised by clause 8 of the said agreement and by the letter of Defendant 1 dated 25-8-1986. Defendant 1 in this case was also admittedly the owner of the sound track of the said cinematograph film. By reason thereof the plaintiff had copyright in the records and Defendant 1 had copyright in the sound track in relation to the said film. Such copyright, by reason of the provisions contained in Section 14 of the said Act, is an exclusive right, inter alia, to reproduce the work in any material form.

Section 18 of the said Act recognises assignment of copyright. Section 19 of the said Act provides that such assignment shall be made in writing, signed by the assignor or his agent. Section 30 of the said Act recognises grant of licence by the owner, which too is required to be in writing signed by owner or his agent.

Clause 3(a) of the said agreement provides that Defendant 1 thereby assigns and transfers and agrees to assign and transfer to the plaintiff absolutely and beneficially for the world:

- (i) the copyright for making records of all contract works which are made available to the plaintiff under the terms of this agreement and the copyright, performing right and all other rights, title and interest in and to the literary, dramatic and musical works embodied in the said film including all rights of publication, sound and television broadcasting, public performance and mechanical reproduction of the said works, and
- (ii) the sole and exclusive right to make or authorise the making of any record embodying the contract recordings, either alone or together with any other recordings.

There is no dispute that the said agreement has been signed by Defendant 1 through one of its partners. The contention of Defendant 1 that it signed the said agreement without understanding the purport thereof and without obtaining independent legal advice when the blank portions thereof had not been filled in; and without having had a copy thereof, is not acceptable at this stage, in view of the letter dated 12-11-1986 addressed by the plaintiff to Defendant 1 and the postal acknowledgement in relation thereto as annexed to the affidavit-in-reply of the plaintiff.

Section 3 of the Transfer of Property Act, 1882 defines actionable claim, inter alia, as a claim to any beneficial interest in movable property not in the possession, either actual or constructive of the claimant, which the civil courts recognise as affording grounds for relief; whether such beneficial interest be existent, accruing, conditional or contingent. Section 130 of the said Act provides that transfer of an actionable claim whether with or without consideration shall be effected only by execution of an instrument in writing signed by the transferor or his agent and shall be complete and effectual upon the execution of such instrument and thereupon all the rights and remedies of the transferor whether by way of damages or otherwise shall be vested in the transferee, whether notice of such transfer is given or not. Therefore, the Copyright Act read with the Transfer of Property Act requires that transfer by assignment of a copyright should be made in writing by the transferor and upon execution of such writing the transferee would acquire all rights of the transferor, provided copyright is an actionable claim. It is, therefore, not illogical on the part of the plaintiff to contend that all rights of Defendant 1 stood transferred to it immediately on execution of the said agreement.

The negative covenants contained in clause 9 of the agreement, it appears to me, were aimed at stopping possible piracy by unauthorised supply of sound track or recorded film, which would remain with Defendant 1 as the owner of the cinematographic film and to prevent the persons like musicians who produced the original sound, over whom Defendant 1 has control, to reproduce the same and not to do any act which derogates from the grant made in favour of the plaintiff by the said agreement and to prevent exercise of any right granted to the plaintiff by the said agreement. The said covenant, *prima facie*, appears to be in support of the contentions of the plaintiff in regard to assignment and transfer as contended.

The plaintiff, it appears, appointed itself as the Attorney of Defendant 1 to bring in and conduct legal proceedings to safeguard the rights acquired by the plaintiff as and by way of abundant caution. The agreement provides that Defendant 1 shall be entitled to royalty. It does not provide that for non-payment of royalty any right assigned to the plaintiff will revert back to Defendant 1. The clause 1 of the said agreement provides that the agreement is not for a fixed period and can be terminated only at the option of the plaintiff.

[***** discussed *Messenger v. British Broadcasting Co.*³⁵, *Chaplin v. Leslie Frewin (Publishers) Ltd.*³⁶, *Jonathan Cape Ltd. v. Consolidated Press Ltd.*³⁷, *Withers v. Nethersole*³⁸, *Dharam Dutt Dhawan v. Ram Lal*

35. 1929 AC 151; 1928 All ER Rep 272 (HL).

36. 1966 Ch 71; (1966) 2 WLR 40; (1965) 3 All ER 764 (CA).

37. (1954) 1 WLR 1313; (1954) 3 All ER 253.

38. (1948) 1 All ER 400 (HL).

*Suri & Sons*³⁹, *Dansk Rekytriffel Syndikat Aktieselskab v. Snell*⁴⁰, *Mishra Bandhu Karyalaya v. Shivratn Lal Koshal*⁴¹, *K.P.M. Sundhram v. Rattan Prakashan Mandir*⁴², *Savitri Devi v. Dwarka Prasad*⁴³ and continued.]

From the aforesaid, it appears to me that in this country "copyright" which is a chose-in-action in England, is a beneficial interest in movable property in the actual or constructive possession of the owner thereof, although strictly not an actionable claim, but capable of being transferred by assignment evidenced by a writing executed by the assignor or by his duly authorised agent. The writing containing such assignment need not be registered. The intention of the parties whether it was an assignment or a grant of permission to use should, in the normal course, be gathered from the writing itself and the words used therein. If the word "assignment" is used then the assignment should in the normal course be readily accepted. Payment of royalty in future on some given basis as consideration will not stand in the way of construing the intention to assign. In the event the writing contains covenants which indicate that the assignor retains some right in spite of the writing in relation to the copyright then the same may be either a partial assignment or a licence. In the event the grant is conditional then until fulfilment of the condition the assignment may not take effect. Similarly, if the assignor becomes entitled to any right on the happening of the particular thing, then on the happening of such thing the assignor gets back such thing. The assignment will take effect immediately. The most important thing, it appears to me, is the right of the recipient to deal with the copyright as owner thereof, *i.e.* right of user or right to destroy the copyright at his own volition; any of which, if can be gathered, assignment can be readily accepted.

If that be the law, then reading the agreement being the subject-matter of this proceeding, I am of the view that the plaintiff has made out a *prima facie* case of assignment of copyright of the sound-track in its favour. There is neither any restriction, nor any compulsion on the part of the plaintiff to use the copyright. The grant itself is not conditional, nor does the grant cease to have effect on the happening of anything. The words chosen are "hereby assigns and transfers ... absolutely and beneficially for the world". In addition thereto the plaintiff is the owner of the original plate. The plaintiff has published records. Therefore, publication of the sound track of the film in question or reproduction of records from the original plate or from the records produced by the plaintiff without its authority will be infringement of the copyright, I am of the *prima facie* view, of the plaintiff.

39. AIR 1953 P&H 279.

40. (1908) 2 Ch 127; 25 RPC 421.

41. AIR 1970 MP 261; 1970 MPLJ 475.

42. AIR 1983 Del 461.

43. AIR 1939 All 305; 1939 All LJ 71.

At this stage, I cannot hold that the case as made out by the plaintiff for permanent injunction cannot succeed at the trial. I am also of the view that unless injunction is granted the plaintiff will suffer such loss and prejudice which cannot be adequately compensated in money since exploitation by the defendants of the rights of the plaintiff may be in such manner that it may not generate larger public interest, resulting in lesser sale, which will prevent assessment of the real commercial potential of the copyright.

The balance of convenience, I am of the view, is also in favour of the plaintiff since the plaintiff has already published the work, submitted accounts and tendered royalty to Defendant 1 in terms of the agreement, though subsequent to the institution of the suit, but on the other hand, Defendant 2 has not stated as to what step it had taken to publish the work except stating that it has sold record. It does not appear as to when the first record was sold by Defendant 2 in fact. It does not appear how many records were produced and how many of them has been sold. It is not the case of Defendant 2 that in the event of an order of injunction is passed, the business and the factory of the said defendant will come to a grinding halt resulting in large unemployment.

[**** discussed facts and the issue of misstatement and continued.]

In those circumstances there shall be an order of injunction in terms of prayer (d) of the petition. Such order of injunction will continue until disposal of the suit. There shall be no order as to costs. Stay prayed for is refused. All parties to act on a signed xerox copy of this dictated order on the usual undertaking. Petition allowed.

POINTS FOR DISCUSSION

1. What are the implications of assignment of copyright?
2. What are the grounds on which the Court based its finding that there is a valid assignment in this case?
3. What are the guiding principles for distinguishing an assignment of copyright from a licensing/exclusive licensing of copyright?
4. Compare the rules of transfer of tangible property with that of intellectual property and examine if the former could be applied to the latter without any modifications.
5. On failure of payment of consideration, does the property revert to the assignor? In other words in such cases does the enjoyment of copyright by the assignee become infringement of the copyright of the assignor? [Read, *Reoti Saran Sharma v. Numero Uno International*, (1996) 16 PTC 275; 1995 PTR 132 (Del) and N.S. Gopalakrishnan, "Intellectual Property" 1995 ASIL 295, 305 for a comment on this case.]

6. Discuss the problem of treating copyright as chose-in-action and examine the nature of property in copyright.
7. Examine the Indian Sale of Goods Act and the Indian Contract Act and see if intellectual property issues are effectively taken care of under them.
8. Examine the implication of the amendment to Section 19 of the Copyright Act and its implication to the facts of this case.
9. Discuss the implication of 2012 Amendment to Section 30 of the Copyright Act.
10. Critically examine the decisions in the following cases:
 - (a) *Mishra Bandhu Karyalaya v. Shivratn Lal Koshal*, AIR 1970 MP 261; 1970 MPLJ 475.
 - (b) *K.P.M. Sundhram v. Rattan Prakashan Mandir*, AIR 1983 Del 461.
 - (c) *Pine Labs (P) Ltd. v. Gemalto Terminals India (P) Ltd.*, (2011) 48 PTC 248 (Del)(DB).
11. Read the following cases in case of transfer of patent and discuss the difference between assignment of copyright and patent. Also discuss the impact of the recent amendment (made in 2005) to the Patents Act on these decisions:
 - (a) *National Research Development Corpn. of India v. Delhi Cloth & General Mills Co. Ltd.*, (1950-2000) 22 PTC Supp (1) 95 (Del).
 - (b) *International Control Automation Finance v. Controller of Patents & Designs*, (1950-2000) 23 PTC Supp (2) 410 (Cal).

Assignment of future rights

It is clear from Section 17 that the author is the first owner of copyright granted under the Act. It is also evident from Section 18 that transfer of copyright is permissible based on written agreement. Even for future works the law envisages provision for assignment and copyright protection begins as soon as the work comes into existence. But these are with reference to existing rights. The question arose who is the owner of the new rights granted by the legislature on existing works. The following cases examined the question whether there could be assignments of future rights or in other words, whether rights, which were not contemplated or even not in existence at the time of assignments could be considered to be validly transferred to the assignee when they finally come into existence? When the assignment does not contemplate all possible modes of communication, such as a new mode of communication to the public, which emerges as a result of developing technology, the question of the right to assign future rights becomes all the more complex.

RAJ VIDEO VISION v. K. MOHANAKRISHNAN

AIR 1998 Mad 294

JUSTICE S. THANGARAJ

Suit for declaration and injunction. The main averments found in the plaint are as follows: The plaintiff Raj Video Vision, a registered partnership firm, is carrying on business in the exhibition, exploitation and distribution of motion pictures in all dimensions for commercial and non-commercial exhibition in the entire world. Defendant 1 is the producer of Tamil talkie picture titled "Pasamalar" in black and white. Defendant 1 offered the plaintiff the assignment of limited copyright in the exhibition, exploitation and distribution of Tamil talkie picture "Pasamalar" video rights for Indian territory and TV rights for Sri Lanka for perpetual period. Accordingly, an agreement of assignment was entered into between the plaintiff and Defendant 1 at Madras on 6-1-1988. The consideration was duly paid well at the time of executing the agreement. Defendant 1 confirmed to the plaintiff that they are entitled to enter into lease agreement and that they have not assigned the Indian video lease rights and Sri Lankan TV rights to any other third party. As per the agreement dated 6-1-1988, the plaintiff is entitled to exploit the picture without any interference. The plaintiff had received a letter dated 10-3-1989 from Defendant 2 claiming that they hold the entire copyright of the Tamil talkie picture "Pasamalar" and that they have not so far granted the video rights of the picture to anybody. The letter contains no particulars and it is very vague. Defendant 1, who is the producer, is entitled to assign the rights. The plaintiff has lawfully acquired the limited copyright and Defendant 2 has no manner of right to claim the copyright in the said picture. The plaintiff filed this suit for protection of the rights given under Section 55 of the Copyright Act for a declaration of the rights as per the agreement dated 6-1-1988 and also for an injunction restraining the defendants from interfering with the plaintiff's copyright in the Tamil talkie picture "Pasamalar".

The main averments found in the written statement are as follows: (a) Defendant 1 could not have offered any of the rights to the plaintiff inasmuch as Defendant 1 themselves were not the owners of the said rights as on date of the alleged agreement dated 6-1-1988. One Mohammed Azam and others acquired the entire absolute and perpetual world negative rights of the Tamil talkie picture titled "Pasamalar" and the right to dub or remake the picture in all languages except the rights for Hindi language and the rights to produce the picture straight, based on the said story in all other versions and dimensions except in Hindi and of the exploitation thereof and also exploiting the Tamil version in North India subject to the transactions effected by the producer Rajamani

Pictures under the agreement dated 21-7-1961. Defendant 2 thereafter acquired the sole and exclusive right of exhibition, exploitation and distribution of Tamil talkie (black and white) picture "Pasamalar" for the entire world subject to distribution or lease agreement already in force and as set out in Schedule "A" of the said agreement for a consideration of ₹ 1,00,000 from Mohammed Azam representing himself and such tenants-in-common under the agreement dated 22-4-1966 for a period of 15 years. Mohammed Azam and others have notified A.V.M. Laboratory Service, where the negatives were preserved, that the 2nd defendant is the owner of the negatives. They also transferred the negatives in favour of the 2nd defendant. Subsequently, on 22-5-1966 Mohammed Azam and Company and the tenants-in-common entered into an agreement with Defendant 2 by which Mohammed Azam and Company has assigned the said right in favour of Defendant 2 perpetually. By virtue of the said agreement, Defendant 2 became the sole and absolute owner of the copyright and also owner of the negatives of the said picture "Pasamalar", which are lying in the A.V.M. Laboratory. Defendant 2 has been enjoying the copyright of the said picture such as making the copies of the film, exhibiting the film and also commercialising the film by broadcast such as telecasting and also the video rights of the said picture. Defendant 2 has got the picture recensored on 20-5-1971 and 22-7-1981 and obtained necessary censor certificates. Defendant 2 also commercialised the film by telecasting the songs and also the picture through television without any hindrance whatsoever. Defendant 2 has also published in the Tamil Daily "Dina Thanthi" issue dated 7-1-1984 and 17-6-1985 that they are the owners of the negative rights and video rights of the picture "Pasamalar". The plaintiff has relied upon the agreement dated 6-1-1988 and on the date of the said agreement, Defendant 1 had no right over the said picture "Pasamalar" since the rights were assigned in favour of Mohammed Azam and Company. As the plaintiff has no right over the said picture consequently the suit has to be dismissed.

The following issues were framed on 24-12-1992. (1) Whether the plaintiff is entitled to declaration and injunction as prayed for? (2) Whether the plaintiff has acquired video and television right in respect of the Tamil Picture titled as "Pasamalar"? (3) To what relief?

Issues 1 and 2

[***** discussed the facts and continued.]

The suit has been filed under Section 55 of the Copyright Act, 1957 claiming civil remedy for the infringement of copyright. In a cinematograph film the author is the producer. This has been clearly defined in Section 2(d)(v) of the Copyright Act, 1957. Section 2(f) defines "Cinematograph film". As per Section 13(1) of the Copyright Act, 1957,

"copyright" subsists in cinematograph film. In order to constitute infringement of copyright two elements must be present. First, there must be sufficient objective similarity between the infringing work and the copyright work. Secondly, the copyright work must be the source from which the infringing work is derived, but it need not be the direct source. However, in the present suit, we are not very much concerned with the infringement of the copyright of the producers of the film. Earlier, on 21-7-1961 the producers have assigned and granted the entire absolute and perpetual world negative rights of the picture and the rights to dub or remake the same in the language except the right for Hindi version and of the exploitation thereof and also exploiting Tamil version in North India subject to all the transactions effected by the assignors already as per agreement entered into by them and specified in the schedule. Even in the original agreement the right to dub or remake the film in Hindi language has not been given to the assignees which means the assignors have kept certain rights with them. Two views can be taken by going through the earlier agreement but both parties have failed to mark the same as an exhibit on their sides, for the reasons best known to them.

[***** discussed facts and continued.]

One of the arguments, which can be made herein, is that the original assignors *viz.*, the producers, have not kept the video rights with them and therefore it is presumed that the said right was not reserved by the producers. The obvious reason is that in the year 1961 neither the assignors nor the assignees could have dreamt of telecasting or video rights for exploitation or exhibition or distribution or printing transferring master cassettes, etc. However, the conclusion which can be arrived at is that when the producers themselves were not aware of their future rights accrued due to scientific advancements, it cannot be said they have already transferred the rights not in existence and therefore the assignments cannot be made on rights not in existence and therefore it can be safely decided that the video rights of the film were not given to the assignees Azam and Company and the assignee in turn as assignors could not have assigned the video rights to Defendant 2 herein.

Further the present sub-section (d) of Section 14 says—(d) in the case of a cinematograph film,—(i) to make a copy of the film, including a photograph of any image forming part thereof; (ii) to sell or give on hire, or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions; (iii) to communicate the film to the public. Section 2(d)(v) defines—"in relation to a cinematograph film or sound-recording, the producer". Section 14(d) read with the definition in Section 2(d)(v) shows that the author of the cinematograph film is the producer, who has all the rights over the film, if the said rights are not transferred legally.

In *Raj Video Vision v. Sun T.V.*⁴⁴, while dealing with the distribution, exhibition and exploitation of the film on satellite, it was held that the satellite right was not contemplated at the time of agreement, cannot be claimed by the applicant now. The said view taken by the learned Judge of this Court has to be affirmed in the present case wherein the question regarding video rights was canvassed.

The term Video Cassette Recorder is not defined in Copyright Act, 1957. Under Section 2(6) of the Tamil Nadu Exhibition of Films on TV Screen through Video Cassette Recorders (Regulation) Act, 1984, "Video Cassette Recorder" is defined as meaning a cinematograph for the purpose of giving cinematograph exhibition of films recorded on Video Cassette Tape. This Court in the earlier decisions in (1) *Entertaining Enterprises v. State of T.N.*⁴⁵, (2) *P. Thulasidas v. K. Vasanthakumari*⁴⁶ and (3) *Cine India v. Muthu Enterprises*⁴⁷—confirmed that video films are deemed to be work produced by a process analogous to cinematograph. We have to accept the view taken in those decisions to the extent that video films are deemed to be work produced by a process analogous to cinematograph and it should not be stretched further to convey any other meaning.

*Rathna Movies v. Muthu Enterprises*⁴⁸, [followed the decision regarding video as part of cinematography film and continued.]

However, while the main question arising in the instant case is as to whether the authors who are the producers herein, have got a right to assign the video rights to the plaintiff after assigning the entire negative rights to Azam and Company from whom the defendants have derived their rights on the film "Pasamalar".

Section 14(1)(d)(ii) gives a right to the producers to sell or give on hire, or offer for sale or hire, any copy of the film regardless of whether such copy has been sold or given on hire on earlier occasions. This section clothes ample power on the producer to sell or give on hire any copy of the film even if it has been sold or given on hire on earlier occasions. However, that the subsequent sale or the right to give on hire is based on the lawful right conferred on the producer. The later decision of this Court in *Raj Video Vision v. Sun T.V.*⁴⁹, while considering the satellite right which was not contemplated in the year 1986, it was held "what was not contemplated at the time of agreement cannot be claimed by the applicants now". While considering this view taken by the present case and if that view is taken for consideration in the instant case, in the year

44. (1994) 2 LW 158 (Mad).

45. AIR 1984 Mad 278.

46. (1991) 1 LW 220 (Mad).

47. (1992) 1 LW 74 (Mad).

48. (1991) 2 LW 581, 586 (Mad).

49. (1994) 2 LW 158 (Mad).

1961 when the negative right was given to Azam and Company, neither party could have dreamt of the later scientific advancements of video, satellite, etc. and could not have assigned or granted those rights.

A mere reading of Ex. D.1 and other documents marked on the side of the defendants would go to show that all the rights in the negative has been given to the assignees by the assignors and the defendants have derived their rights from the earlier assignees. As already stated any right given under any assignment should be specified and definite. As per the provisions of this Act though the rights were assigned earlier, the producer continued to be the author of the copyright of the film. Even Exs. D.3 and D.5 clearly show the name of the producer as Rajamani Pictures, Madras and Defendant 2 are shown as the applicants. So, as per Section 14(1)(d)(ii) of the Copyright Act, the producer as the original owner, had the said right on the date of the assignment in favour of the plaintiff. Defendant 2 cannot claim a right, which was not contemplated at the time of original assignment in the year 1961.

In these circumstances for the above reasons the plaintiff had acquired video and TV rights in respect of Tamil talkie picture titled "Pasamalar" and the prayer of the plaintiff for declaration and injunction has to be granted. Accordingly, Issues 1 and 2 are decided in favour of the plaintiff. The suit is decreed as prayed for with costs. Order accordingly.

POINTS FOR DISCUSSION

1. What is meant by "negative rights"?
2. Does the assignment of "the entire absolute and perpetual world negative rights" of a film include future rights like video, broadcasting and telecasting rights?
3. Can there be an assignment of future rights?
4. Is it necessary to refer to the rights granted by the 1994 Amendment in Section 14 to decide this case?
5. Read the definition of cinematograph film in the Copyright Act and discuss the need to refer to Cinematograph Act and the cases decided based on that Act to decide video rights in the film.
6. Compare the view in this case to the effect that "when the producers themselves were not aware of their future rights accrued due to scientific advancements, it cannot be said they have already transferred the rights not in existence by way of assignments" with following statement in *Maganlal Savani v. Rupam Pictures (P) Ltd.*, AIR 2000 Bom 416: (2000) 3 Bom LR 48:

What is assigned to the first plaintiff is the exploitation, distribution and exhibition commercially or otherwise of the picture. In this context we have to give a wider meaning of the term 'exploitation'. Exploitation of a film takes in all the scientific and technological device that may be invented

in future also and the plaintiff could make use of those inventions. Given such an interpretation of the word 'exploitation' the objection raised by first plaintiff in conducting satellite telecasting of the picture 'Chupke Chupke' will per se be violative of the provisions of the agreement.

TRADE MARK

A trade mark is different from patent and copyright with respect to its assignment since unlike a patent or copyright, where the property rights inheres in the invention or the work itself, there is no trade mark right in the word or symbol *per se*. From its outset, the trade mark was not viewed as a property right in the symbol *per se*, but rather a right that derived from the association of the mark with certain goods, and the goodwill that was created as a result of the association.⁵⁰

A trade mark, as a form of intellectual property, is subject to transfer of ownership. However, since originally the sole function of trade mark was considered identification of the source both in the UK and the US, trade mark and goodwill of the business were considered inseparable and hence assignment of trade mark without goodwill was considered not feasible.⁵¹ In *Pinto v. Badman*⁵², Fry LJ stated thus:

The brand is an indication of origin, and if you transfer the indication of origin without transferring the origin itself, you are transferring a right, if any right at all, to commit a fraud upon the public, and such right is not recognised by the law of England.

This state of law, however, caused considerable hardship in trade and there were insistent demands for its revision. After a careful consideration of the question, the Goschen Committee reported that the law governing the assignments of trade marks based upon the theory that a trade mark owes its value to the goodwill and reputation of the business in which it is used, is faulty as the theory was no longer universally correct. They considered that under modern conditions of trading, the tendency is for the business to be built up around the trade mark, and the commercial view today is that the goodwill of a business frequently is inherent in the trade mark itself.⁵³ Slowly, both the legal systems of the UK and the USA began to accept assignment without goodwill. But they insisted on certain restrictions when the assignments were without goodwill. Gradually, even these restrictions faded away.

50. Neil J. Wilkof, *Trade Mark Licensing* (Sweet & Maxwell 1995) 23.

51. S.E. Chisholm, "The Legal Aspects of Trade Mark Assignments, Licences and Registered User Agreements" (1950) 40 TMR 1059, 1060. See also, Leslie W. Melville, "Trade Mark Licensing and the Bostitch Decision" (1966) 29 Mod L Rev 375, 377.

52. (1891) 8 RPC 181 (CA).

53. S.E. Chisholm, "The Legal Aspects of Trade Mark Assignments, Licences and Registered User Agreements" (1950) 40 TMR 1059, 1064.

Similarly, at one time trade mark licensing was also not permitted at law since licensing was viewed to be incompatible with the function of trade mark as an identifier of source trade. A licensee, being a person other than the proprietor, could never be the actual source of the goods. As a result, use by the licensee might invalidate the trade mark, because a purchaser would be deceived about the source of the goods identified by the mark.⁵⁴

However, as the result of a change in the outlook with respect to the function of the trade mark, the law underwent considerable changes. Moreover, the ever-expanding commerce made it increasingly difficult to discern the precise identity of the source of the goods. Then it became clear that through assuring the source of the goods, what the customer intended to achieve was an assurance as to the quality of the goods.⁵⁵ This revelation slowly paved way for the lessening of the relevance of the source, provided the proprietor exercised sufficient control over the quality of the goods.

Gradually, trade mark changed its status from that of symbol of goodwill to "the most effective agent of the creation of goodwill"⁵⁶. Eventually, it became a good in itself.⁵⁷ In the US, thus licensing the use of the trade mark to others has become acceptable. But in the UK such practices are less desirable as such use is mere trafficking the mark *per se*, even if the licensor exercises quality control. However, the Trade Marks Act, 1994 has eliminated any reference to trafficking in the UK.

Trafficking in trade marks

In *Bowden Wire Co. Ltd. v. Bowden Brake Co. Ltd.* (No. 1)⁵⁸, it has been said that the object of the trade mark law is to preserve for the trader the reputation he has made for himself, and not to help him in disposing of that reputation as of itself a marketable commodity, independent of his goodwill. The rational basis of the concept of trafficking in trade mark was the fundamental principle that a trade mark must not be allowed to confuse or mislead the public.⁵⁹ However, as seen above this argument is slowly losing its strength and today merchandising in the trade mark itself is becoming the trend of the day.

54. Neil J. Wilkof, *Trade Mark Licensing* (Sweet & Maxwell 1995) 24.

55. *Ibid.*, 28.

56. Frank I. Schechter, "The Rational Basis of Trademark Protection" 40 *Harv L Rev* 813, 819.

57. Neil J. Wilkof, *Trade Mark Licensing* (Sweet & Maxwell 1995) 34.

58. (1913) 30 RPC 580 (CA): *Bowden Wire Co. Ltd. v. Bowden Brake Co. Ltd.*, (1914) 31 RPC 385 (HL).

59. George Rolston, "Trafficking in a Trade Mark" (1960) 50 *TMR* 1166, 1167.

In India, trade mark, both registered and unregistered, is considered assignable with or without goodwill.⁶⁰ However, there are restrictions imposed on assignments without goodwill.⁶¹ Moreover, the provision which prevented trafficking in the old statute is missing in the 1999 Act.⁶² The following cases illustrate how the Indian judiciary addressed this issue.

CYCLE CORPN. OF INDIA LTD. v. T.I. RALEIGH INDUSTRIES (P) LTD.

(1996) 9 SCC 430: AIR 1996 SC 3295: (1996) 16 PTC 537

(JUSTICES K. RAMASWAMY, FAIZAN UDDIN AND G.B. PATTANAİK)

JUSTICE K. RAMASWAMY

[**** discussed the background of the case and continued.]

The admitted facts are that the respondents through their agents had registered trade mark "Raleigh" and other trade marks (12 marks) under the Indian Merchandise Marks Act, 1889 (4 of 1889) and the Trade Marks Act, 1940 (5 of 1940). The Trade and Merchandise Marks Act, 1958 (43 of 1958) (for short, "the Act"), which came into force with effect from 3-10-1958, has repealed the predecessor Acts and now the Act is in operation. The respondents entered into an agreement with Sudhir Kumar Sen on 3-11-1948 to render technical know-how to the Indian Company to be formed, which would manufacture bicycles and market them under Raleigh's Indian trade marks. Pursuant thereto, a company called Sen Raleigh Ltd. came to existence which manufactured cycles with technical assistance by the respondents Raleigh Industries of UK and marketed the bicycles with a brand name and trade marks belonging to the respondents. On 2-4-1954, Sen Raleigh was recorded as permitted users of the trade marks. By agreement dated 29-12-1962, Sen Raleigh and the respondents agreed that Sen Raleigh was registered user for further period up to 1976. Sen Raleigh was taken over by the Government of India on 8-9-1975 under the Industrial (Development and Regulation) Act, 1951 (65 of 1951) (the IDR Act) and the Government took over the management of Sen Raleigh Ltd. The agreement dated 29-12-1962 was modified and the respondents were given option to terminate the agreement. An agreement dated 20-12-1976 was entered into between the appellant as registered user and the respondent in respect of 12 trade marks for a period of 5 years. On 28-3-1978, joint application by Sen Raleigh and the appellant duly signed by the respondent as proprietor and Sen Raleigh Ltd. as registered user came to be made before the

60. See, Ss. 38 and 39, Trade Marks Act, 1999.

61. S. 42.

62. Compare S. 48 of the 1958 Act with the same section in the 1999 Act.

Registrar of Trade Marks. On 24-10-1980, Sen Raleigh was nationalised and got vested in the appellant-Corporation by publication of the notification under the IDR Act. On 5-3-1982, the respondent wrote a letter to the appellant that in the absence of a new agreement they were instructing their advocate to prevent the appellant by restraint proceedings to use the trade mark with effect from 1-4-1982.

On 24-3-1982, the appellant made an application under Sections 32, 46 and 56 of the Act against the respondents in the High Court of Calcutta in Suit 266/92 pleading inter alia, that the respondents had failed to provide technical assistance by passing the technical know-how to Sen Raleigh after 1-11-1976. Neither the appellant nor Sen Raleigh was registered users of the trade mark after 1-11-1976 under Section 48(2) of the Act up to the date of one month before filing that rectification application. A continuous period of 5 years or longer had passed and the trade mark had not been bona fide used by the respondent. Having regard to the extended nature of non-user of the concerned trade mark after 1-11-1976, any further use of the said trade marks by the respondents was likely to deceive and cause confusion among the trade and public alike in India etc. Simultaneously, an application for registration of three trade marks in their favour was filed by the appellant on 25-3-1982. By proceedings dated 13-6-1984, the Registrar of Trade Marks informed the appellant that the registered user's applications were abandoned since the appellant failed to comply with the statutory requirements. The learned Single Judge dismissed the application by his judgment dated 13-9-1990 holding, inter alia, that any proprietor mentioned in Section 46(1)(b) of the Act extends to bona fide user other than registered users. Special circumstances as a defence were available to the respondent for non-user; even after 1979, the supply of technical know-how by the respondent was not totally absent. After termination of the collaboration and user agreement between the appellant and the respondents, it was likely to cause confusion and deception amongst the trade and public. The conduct of the respondents was not violative of Section 32(b) and (c). The Court in those circumstances declined to rectify the trade mark and strike it off from the Register of Trade Marks. On appeal, the Division Bench in Appeal No. 13/91 confirmed the same holding that on and from 25-10-1980, the respondent had allowed and permitted the appellant to manufacture bicycles etc. according to its specifications and to pass off the goods under their trade marks. Though the collaboration and registered user agreements stood expired from 31-10-1981, no agreement came to be executed nor continued to use the specifications on technical know-how. There is no specific bar for an unregistered licensee to use registered trade mark so long as there is a connection in the course of trade between the licensor and the licence. The appellant was unable to prove that there had been no such user of the trade mark for a continuous

period of 61 months or longer and the lack of bona fide intention. The expression "by any registered proprietor" in Section 46(1)(b) should not be restricted to user by proprietor or registered user who should also include bona fide or authorised user. The legislature did not intend the registered proprietor to be deprived of their property at the instance of user whose use is unregistered. The expression, thereof, should not be restricted to user by the proprietor himself or any registered user but should also take into account bona fide authorised user. Non-registration of the user agreement by Sen Raleigh and the appellant was due to the default of the latter. The appellant had not taken any steps to withdraw registered user applications and as such should not be permitted to take such a contradictory stand of applying for rectification at the same time. The power under Section 46 is discretionary. In view of the appellant's conduct it was taking advantage of its own wrong. The discretion, therefore, was not to be extended in favour of appellant. Thus, this appeal by special leave.

[***** discussed the arguments of the parties and continued.]

In view of the diverse contentions, the question arises: whether the High Court was right in refusing to rectify and strike off the trade marks of the respondents from the Register of Trade Marks? Section 46(1)(b) reads as under:

46. *Removal from register and imposition of limitations on ground of non-use.*—(1) Subject to the provisions of Section 47, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved on the ground either—

(a) * * *

(b) that up to a date of one month before the date of an application, a continuous period of five years or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being.

Sub-section (3) envisages that

An applicant shall not be entitled to rely for the purpose of clause (b) of sub-section (1) or for the purposes of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates.

Section 48 provides for registered users, which reads thus:

48. *Registered users.*—(1) Subject to the provisions of Section 49, a person other than the registered proprietor of a trade mark may be registered as the registered user thereof in respect of any or all of the goods in respect of which the trade mark is registered otherwise than as a defensive trade mark; but the Central Government may, by rules made in his behalf, provide that no

application for registration as such shall be entertained unless the agreement between the parties complies with the conditions laid down in the rules for preventing trafficking in trade marks.

(2) The permitted use of a trade mark shall be deemed to be used by the proprietor thereof, and shall be deemed not to be used by a person other than the proprietor, for the purpose of Section 46 or for any other purpose for which such use is material under this Act or any other law.

It would, thus, be apparent that subject to Section 46, for a registered trade mark up to a date within one month before the date of making application for rectification for a continuous period of 5 years or longer, if registered trade mark had not been used during that period, there was no bona fide user in relation to those goods by the proprietor thereof for the time being. The trade mark should be taken off and struck out from the Register of Trade Marks in respect of any goods in respect of which the trade mark is registered. Sub-section (3) enables the registered proprietor to show special circumstances for the non-use of the trade mark due to which he could not use the trade mark for the above period and not with any intention to abandon the use of trade mark or not to use the trade mark in relation to goods to which the application for rectification relates. Sub-section (2) of Section 48 gives defence to "permitted user" in relation to a registered trade mark. It means the use of the trade mark by a registered user of the trade mark in relation to goods with which he is connected in the course of a trade and in respect of which the trade mark remains registered for the time being and for which he is registered as a registered user and which complies with any conditions or restrictions to which the registration of the trade mark is subjected to. Section 48(1) envisages that subject to the provisions of Section 49, a person other than the registered proprietor of a trade mark may be registered as a "registered user" thereof in respect of any or all of the goods in respect of which the trade mark is registered otherwise than as a defensive trade mark. The permitted use of a trade mark shall be deemed to be used by the proprietor thereof and shall be deemed not to be used by a person other than the proprietor for the purpose of Section 46 or for any other purpose for which such use is material under the Act or any other law. The Central Government is empowered to prevent trafficking in trade mark.

It would, therefore, be clear that a permitted use of the trade mark should be done under sub-section (1) of Section 48. It should be either by the registered proprietor of the trade mark or a person other than the registered proprietor registered under Section 48(1) to use the trade mark by operation of sub-section (2). An unregistered person under Section 48(1) or a person who did not register under sub-section (1) of Section 48 shall not be deemed to be a registered user for the purpose of Section 46 or any other law.

The High Court recorded a finding and it is not disputed across the Bar, that the appellant had entered into an agreement with Sen Raleigh, which was a permitted user and used the trade mark till 1-11-1976 and thereafter by registered user agreement dated 20-12-1976 used trade mark for a period of 5 years. It is not in dispute that till date of filing of the application, the appellant used the trade mark in passing off the bicycles under the trade mark of the respondent. The question, therefore, is: whether the appellant must be deemed to be a bona fide user of the trade mark, though there was no agreement nor was it registered as permitted user under Section 48(1)? On admitted position and in the facts and circumstances, we are of the view that the appellant was a bona fide user of the trade mark of the respondent in passing off the bicycles under the trade mark of the respondent who, admittedly, is a registered proprietor. It is true, as held by this Court, that to get a trade mark registered without any intention to use it in relation to any goods but merely to make money out of it by selling it to others, the right to use it as a commodity would be trafficking in that trade mark. It requires to be prevented and prohibited. The Court would not lend assistance to such registered proprietors of the trade mark. There must be real trade connection between the proprietor of the trade and licensee of the goods and the intention to use the trade mark must exist at the date of the application for registration of trade mark and such intention must be genuine and bona fide and continue to subsist in order to disprove the charge of trafficking in trade mark. It is a question of fact in every case. The question is: whether the trade connection exists to dispel the charge of trafficking in the trade mark? This question was considered by this Court in *American Home Products Corpn. v. Mac Laboratories (P) Ltd.*⁶³, in paras 38 and 39 and they need no reiteration.

It is seen that preceding the nationalisation of the cycle manufacturing industry under the IDR Act, the respondent had a collaboration agreement with Sen Raleigh who was a registered user under Section 48. From him, the appellant came to succeed by statutory operation. It was, therefore, not a case of getting the trade mark registered under the predecessor Act and continuing under the Act for trafficking of the trade mark. It is true that under Section 48(1) either the registered proprietor or a permitted person is required to register as permitted user. The benefit of Section 46 would be available during the period for which the agreement was registered and user continued in furtherance thereof. It appears that even an unregistered licensee, so long as there is unbroken connection in the course of the trade between the licensor and the passing off of licensee's goods under the trade mark, there would be sufficient connection in the course of the trade between the proprietor and

63. (1986) 1 SCC 465; AIR 1986 SC 137.

bona fide user of the trade mark by unregistered user. It must, therefore, be held that though the deemed presumption under sub-section (2) of Section 48 is referable to the permitted user or the registered user and it does not extend to unregistered permitted user, the connecting link of passing off of the goods between the licensor's trade mark and the licensee should bona fide be with the permission or consent which may be express or implied by long course of dealings. It would connect the registered proprietor and the user of the trade mark by the unregistered licensee. The appellant must be presumed by course of conduct that he is a bona fide user for the purpose of Section 46(1)(b).

In *K.R. Beri & Co. v. Metal Goods Mfg. Co. (P) Ltd.*⁶⁴, the Division Bench construed Section 48(2) and held that an unregistered user of the trade mark even with the consent of the proprietor cannot be construed to be a registered user under Section 48(1) and such construction renders sub-section (2) of Section 48 surplusage or otiose, which is impermissible by statutory construction. We have given anxious consideration to the reasoning therein. On strict interpretation, the view of the Division Bench may be correct but it is not correct to hold that by a bona fide user of an unregistered user when connection between the proprietor of the trade mark and the permitted user in relation to passing off of the goods under the trade mark are proved, renders sub-section (2) of Section 48 surplusage or otiose.

It is true that the burden lies on the registered proprietor of the trade mark to establish the exceptions provided under Section 46(3). Equally, the applicant for rectification also *prima facie* shows non-user for the relevant period. Then the burden shifts to the proprietor of the trade mark to affirmatively prove the special circumstances for non-user of trade mark. It must be shown that the non-use of the trade mark is due to special circumstances of the trade and not due to some other cause which would have operated, whether the special circumstances had arisen or not, although the special circumstances of trade taken by themselves would have prevented the use of the trade mark. If the non-user was, in fact, due to some other circumstances and would have occurred whether the circumstances had followed or not, sub-section (3) would not apply. It must, therefore, be the duty of the registered proprietor to show that non-user was strictly due to the special circumstances of trade and not of any intention on the part of the registered proprietor not to use the trade mark during the relevant period.

Though there was a ban on import of the Raleigh cycles manufactured outside India and passed off under the registered mark of the respondents as a registered proprietor, the circumstances do not attract sub-section (3) of Section 46 to relieve the respondents to establish non-user, but on the

64. AIR 1980 Del 299.

facts of this case, we have the admitted position that Sen Raleigh, admittedly, was a registered user through which the appellant had bona fide used the registered trade mark of the registered proprietor. There is no discontinuance or non-use of the trade mark by the respondent to establish the special circumstances in this case. It is also not necessary to go into the question whether the application filed by the appellant under Section 48(1) and its pendency would be a special circumstance in favour of the respondent. Suffice it to hold that sub-section (3) of Section 46 is not attracted to the facts in this case.

The question then is: whether the discretion has been properly exercised by both the Division Bench as well as the Single Judge in refusing to take off the trade mark from the Register by striking off trade mark from the Register of the Registrar of Trade marks?

It is true that while exercising discretion, the Court under Section 46 of the Act should take into consideration not only commercial interest of the parties but also public interest. In para. 21.82 at p. 386 of the *Law of Trade Marks and Passing-off* by P. Narayanan (4th Edn.), it is stated that the Court or the Registrar has discretion in granting or refusing an application for rectification. Ordinarily, however, the mark will be expunged (taken off) when the factual circumstances necessary for the removal are established unless it is shown that the case comes within the exceptions provided in sub-section (3). The High Court refused to exercise the discretion to strike off the trade mark from the register. It is seen that the appellant had not abandoned, at any point of time, the use of the trade mark of the respondent-registered proprietor till filing of the application. Though the appellant has not used the trade mark by itself since 1954 and after the expiry of the permitted use by Sen Raleigh until notice was issued by the respondent directing the appellant not to use the trade mark, the appellant came to use the same in passing off bicycles manufactured by it under trade mark of the respondent. It is not relevant for the purpose of Section 46(1)(b) whether the bicycles were manufactured with the assistance of technical know-how passed on by Sen Raleigh or the permitted user. Suffice it to state that the appellant, as a fact, had used the trade mark of the respondent in passing off the bicycles manufactured by it. The High Court, in our view, declined, for good reasons, to rectify the trade mark under Section 46(1)(b) of the Act. We are also not persuaded to take a different view from that of the High Court. In these circumstances, we are of the view that the High Court has properly exercised its discretion and refused to rectify and strike off the trade mark from the Register of Trade Marks of the Registrar.

The appeal is accordingly dismissed but, in the circumstances, without costs. Appeal dismissed.

POINTS FOR DISCUSSION

1. What is meant by trafficking in trade mark?
2. Identify the standards for determining whether a trade mark licensing agreement is meant for trafficking in trade mark?
3. Discuss the public interest involved in preventing trafficking in trade mark.
4. What according to you is the justification for the concept of trafficking in trade mark? Are they still relevant?
5. Discuss whether the finding of the Court with respect to bona fide non-registered user is correct?
6. Identify the "rational connection" between the proprietor and the appellant in this case, so as to make it equivalent to the bona fide user on behalf of the registered proprietor as envisaged under Section 48(2) excluding the transaction from the purview of trafficking in trade mark.

Trafficking: Registration of the mark without intention to use

One of the interesting questions that came for consideration is whether registration of a mark under a broad classification of goods without intention to use could constitute trafficking of trade mark. The Supreme Court in the following case felt that if a trader has no intention to use the trade mark registered by him for all goods coming under the broad classification, the registration for such goods for which the trade marks are used by him needed to be rectified. In the opinion of the Court, the retention of the registration for such goods might enable the trafficking of trade marks.

VISHNUDAS TRADING v. VAZIR
SULTAN TOBACCO CO. LTD.

(1997) 4 SCC 201; AIR 1996 SC 2275; (1996) 16 PTC 512

JUSTICE G.N. RAY

These appeals are directed against the common judgment dated 11-10-1990 passed by the Division Bench of the Madras High Court in Trade Mark Second Appeals Nos. 1 and 2 of 1981 arising out of the judgment dated 11-9-1980 passed by a Single Bench of the Madras High Court in AAOs Nos. 582-83 of 1978. Respondent 1 company, namely, the Vazir Sultan Tobacco Co. Ltd., Hyderabad, has been manufacturing cigarettes under the brand name "Charminar". The said Company in 1942 and in 1955, under the then Trade Mark Legislation obtained registration of trade mark in respect of "manufactured tobacco" falling

4)

in Class 34 of the Fourth Schedule to the Rules framed under the Trade Marks Act, 1940 and 1950 Act. Respondent 1 company, however, did not manufacture anything other than cigarettes during all these long years. The appellant, namely, Vishnu Das trading as Vishnudas Kishendas Zarda are manufacturing "quiwam" and "zarda" since 1973 and the appellant has been using the same trade mark, namely, "Charminar" on his bottles and boxes of quiwam and zarda. The device of trade mark "Charminar" in the city of Hyderabad as used by the appellant is, however, different from the device being used by Respondent 1 Company. The appellant applied for registration of quiwam and zarda with trade mark "Charminar" under the Trade and Merchandise Marks Act, 1958 and the Trade Marks Rules, 1959 framed under the said Act. The respondent Company raised objections that the trade mark sought by the appellant would conflict with the registered trade marks nos. 9951 and 170427 which Respondent 1 Company obtained in 1942 and 1955. The Joint Registrar of Trade Marks, however, observed inter alia in the minutes dated 24-9-1973 about the objections of the respondent to the effect that the mark would conflict with registered trade marks nos. 9951 and 170427. It was also observed that although the applicant had contended that such registration of trade marks was not in respect of cigarettes but for quiwam and zarda which were goods of different specifications and such goods would not cause any conflict with the goods being manufactured by Respondent 1 Company, since the registration was of the trade mark made in favour of the respondent in respect of "manufactured tobacco" which in its ambit would also take quiwam and zarda. The objection of Respondent 1 Company under Section 12(1) of the Trade Marks Acts, therefore, could not be waived. It was noted in the minutes that the counsel for the applicant, *i.e.* the appellant herein, had offered to apply for rectification of the said trade mark in favour of Respondent 1 Company.

Accordingly, on 15-10-1973, the appellant filed two applications under Section 46 read with Section 56 of the Trade and Merchandise Marks Act, 1958 before the Registrar of Trade Marks, Madras for rectifying the registration of the existing trade mark held by Respondent 1 Company mainly on the ground of non-user of the same in respect of quiwam and zarda by Respondent 1 Company. The proceedings before the Registrar of Trade Marks continued from 1973 to 1976 but Respondent 1 Company, though contested the said applications, could not dispute or refute the allegation of the appellant that Respondent 1 Company had never manufactured any other article of tobacco except the cigarettes. The said applications made by the appellant were ultimately disposed of by the Assistant Registrar, Trade Marks, Madras on 31-8-1976 by allowing the applications for rectification. The Assistant Registrar, Trade Marks ordered that the registered Trade Marks, bearing Nos. 9951 and

170427 would be rectified by making the entries relating to specification of goods to read as "cigarettes".

Respondent 1 Company thereafter preferred two statutory appeals under Section 109(2) of the Trade and Merchandise Marks Act before a learned Single Bench of the Madras High Court. By a common judgment dated 11-9-1980, the learned Single Judge allowed the said appeals preferred by Respondent 1 and set aside the order of the Assistant Registrar, Trade Marks, dated 31-8-1976. The learned Single Judge, in his order allowing the said appeals, had observed that the Assistant Registrar of Trade Marks had made a sub-classification of "manufactured tobacco" occurring in Class 34 although sub-classification could not be made. It was also held by the learned Single Bench of the Madras High Court that to sustain registration for an article "manufactured tobacco" in Class 34, it was not necessary to establish user of the trade mark and rectification as ordered by the Assistant Registrar would enable the appellant to pass them as the goods manufactured by Respondent 1 Company.

Against the judgment and order passed by the learned Single Bench, the appellant preferred two statutory appeals under Section 109(5) of the said Trade and Merchandise Marks Act, 1958 (hereinafter referred to as "the Trade Marks Act") before a Division Bench of the Madras High Court and by the impugned common judgment dated 11-10-1990, the Division Bench dismissed the said appeals thereby affirming the order passed by the learned Single Bench of the Madras High Court. It was, inter alia, held by the Division Bench of the Madras High Court that there could be no separate registration in respect of cigarettes as Class 34 spoke only of "manufactured tobacco" and that ground alone was sufficient for setting aside the order of the Assistant Registrar. The Division Bench further held that the Joint Registrar had already passed an order under Section 12 of the Trade Marks Act, 1958 declining registration of trade marks as sought by the appellant and in the absence of rectification of the trade marks in the Register in favour of Respondent 1 Company, the said registration was conclusive of the matter and the rectification applications were not maintainable. The Division Bench also held that manufacture of cigarettes would come under "manufactured tobacco". Hence, Respondent 1 Company's trade mark could not be removed or restricted on the ground of non-use with reference to goods of different specifications such as *quiwam* and *zarda* falling under the class "manufactured tobacco" even if *quiwam* and *zarda* had never been manufactured or were intended to be manufactured by Respondent 1 Company. As aforesaid, the said decision of the Division Bench of the Madras High Court is under challenge in these appeals.

[***** discussed the arguments of the parties and continued.]

After giving our careful consideration to the facts and circumstances of the case and submissions made by the learned counsel for the parties,

4) it appears to us that the avowed object of the Trade Marks Act as indicated in the Statement of Objects and Reasons is "to enlarge the field of registrability". In these appeals, the propriety and validity of the order of rectification are only germane. It is not necessary to address the questions relating to infringement of trade mark or passing off or defensive registration because such questions do not arise for decisions. There is no dispute that Respondent 1 Company has been manufacturing cigarettes under the brand name "Charminar" since 1943. In 1942 and 1955, the said Company got registration of the said brand name "Charminar" for the goods being classified as "manufactured tobacco" in Class 34 of Fourth Schedule in the Rules framed under the Trade Marks Act. It is also not disputed that the expression "Charminar" is not an inventive word which is the condition precedent for defensive registration under Section 47 of the Trade Marks Act (Section 38 of the Trade Marks Act, 1940). No evidence has been led by the respondent Company that the respondent Company had really intended or even now intends to manufacture any other product of tobacco other than cigarettes. It will be appropriate to refer to Class 34 of Fourth Schedule which is to the following effect: "34. Tobacco raw or manufactured, smokers' articles, matches."

"Manufactured tobacco" is a broad genus covering large variety of goods and articles. It has been rightly indicated by the appellant that (a) tobacco may be consumed by smoking and articles made of tobacco which are consumed by smoking comprise cigarettes, cigars, cheroots, bidis, pipe tobacco; (b) tobacco may be consumed by chewing and ingestion and this category includes *quiwam* which is in the paste form and applied usually as an ingredient to pan; *zarda* in the form of fine flakes (usually aromatic) is applied to pan; *gutka* also in flakes which is chewed sometimes with the addition of lime (*chuna*); (c) tobacco consumed by inhalation. In this category snuff which is in powder form and taken in or inhaled through the nose may be mentioned.

There is no manner of doubt that the varieties of articles made of tobacco are differently used and they have their distinctive quality and separate identity. These articles are also marketed as distinct articles of use in different manner. In the common trade channel such articles are not only held different and distinct articles but are marketed separately. It does not require any imagination to hold that snuff or *quiwam* are entirely distinct products and even though the said products and the cigarettes, bidis, cheroots are also made of tobacco and all such products may come under the broad classification "manufactured tobacco", each of the said products is always held as a distinct and separate article of use having its specific characteristics.

The respondent Company got registration of its brand name "Charminar" under the broad classification "manufactured tobacco".

So long such registration remains operative, the respondent Company is entitled to claim exclusive use of the said brand name in respect of articles made of tobacco coming under the said broad classification "manufactured tobacco". Precisely for the said reason, when the appellant made application for registration of *quiwam* and *zarda* under the same brand name "Charminar", such prayer for registration was not allowed. The appellant, therefore, made application for rectification of the registration made in favour of the respondent Company so that the said registration is limited only in respect of the articles being manufactured and marketed by the respondent Company, namely, cigarettes. In our view, if a trader or manufacturer actually trades in or manufactures only one or some of the articles coming under a broad classification and such trader or manufacturer has no bona fide intention to trade in or manufacture other goods or articles which also fall under the said broad classification, such trader or manufacturer should not be permitted to enjoy monopoly in respect of all the articles which may come under such broad classification and by that process preclude the other traders or manufacturers from getting registration of separate and distinct goods which may also be grouped under the broad classification. If registration has been given generally in respect of all the articles coming under the broad classification and if it is established that the trader or manufacturer who got such registration had not intended to use any other article except the articles being used by such trader or manufacturer, the registration of such trader is liable to be rectified by limiting the ambit of registration and confining such registration to the specific article or articles which really concern the trader or manufacturer enjoying the registration made in his favour. In our view, if rectification in such circumstances is not allowed, the trader or manufacturer by virtue of earlier registration will be permitted to enjoy the mischief of trafficking in trade mark. Looking at the scheme of the registration of trade mark as envisaged in the Trade Marks Act and the Rules framed thereunder, it appears to us that registration of a trade mark cannot be held to be absolute, perpetual and invariable under all circumstances. Section 12 of the Trade Marks Act prohibits registration of identical or deceptively similar trade marks in respect of goods and description of goods which is identical or deceptively similar to the trade mark already registered. For prohibiting registration under Section 12(1), goods in respect of which subsequent registration is sought, must be (i) in respect of goods or description of goods being same or similar and covered by earlier registration and (ii) trade mark claimed for such goods must be same or deceptively similar to the trade mark already registered. It may be noted here that under sub-section (3) of Section 12 of the Trade Marks Act, in an appropriate case of honest concurrent use and/or of other special circumstances, same and deceptively similar trade marks may be permitted to another by the Registrar, subject to such

conditions as may deem just and proper to the Registrar. It is also to be noted that the expression "goods" and "description of goods" appearing in Section 12(1) of the Trade Marks Act indicate that registration may be made in respect of one or more goods or of all goods conforming a general description. The Trade Marks Act has noted distinction between description of goods forming a genus and separate and distinctly identifiable goods under the genus in various other sections, for example, goods of same description in Section 46, Sections 12 and 34 and class of goods in Section 18, Rules 12 and 26 read with Fourth Schedule to the Rules framed under the Act.

The "class" mentioned in the Fourth Schedule may subsume or comprise a number of goods or articles which are separately identifiable and vendible and which are not goods of the same description as commonly understood in trade or in common parlance. Manufactured tobacco is a class mentioned in Class 34 of Fourth Schedule of the Rules but within the said class, there are a number of distinctly identifiable goods which are marketed separately and also used differently. In our view, it is not only permissible but it will be only just and proper to register one or more articles under a class or genus if in reality registration only in respect of such articles is intended, by specifically mentioning the names of such articles and by indicating the class under which such article or articles are to be comprised. It is, therefore, permissible to register only cigarette or some other specific products made of "manufactured tobacco" as mentioned in Class 34 of Fourth Schedule of the Rules. In our view, the contention of Mr Vaidyanathan that in view of change in the language of Section 8 of the Trade Marks Act as compared to Section 5 of the Trade Marks Act, 1940, registration of trade mark is to be made only in respect of class or genus and not in respect of articles of different species under the genus is based on incorrect appreciation of Section 8 of the Trade Marks Act and Fourth Schedule of the Rules. Since such registration initially had not been done, the rectification of the registration by limiting or confining the registration of trade mark of the respondent Company to particular goods, namely, cigarettes, in the facts and circumstances of the case, cannot be held as illegal or unjustified.

It has already been indicated that the controversy in the instant appeals, is only confined to the propriety and validity of the order of rectification of the registration of trade mark made in favour of the respondent Company and it is not necessary to address on the questions of infringement of trade marks, passing off, defensive registration etc. In that view of the matter, various decisions cited at the Bar dealing with the likely prejudice to be suffered by a trader or manufacturer enjoying registration of trade mark in the event, similar or deceptively similar trade mark is allowed to other trader or manufacturer in respect of similar goods or goods marketed through common trade channel need not be taken

into consideration for the disposal of these appeals. As in the facts and circumstances of the case, the rectification of the trade marks registered in favour of the respondent Company since allowed by the Assistant Registrar of Trade Marks was valid and also justified, such order in our view, should not have been interfered with in appeal. We, therefore, allow these appeals, set aside the impugned judgments of the High Court and restore the order of rectification passed by the Assistant Registrar of Trade Marks, Madras. By way of abundant caution, it is expressly made clear that we have not expressed any opinion on the claim of registration of the trade mark "Charminar" in favour of the appellant for quiwam and zarda being manufactured and traded by the appellant. In the facts of the case, there will however be no order as to costs.

POINTS FOR DISCUSSION

1. Do you agree with the finding of the Court that registration of trade mark for a broader class of goods than the trader is intending to manufacture or trade will result in trafficking in trade marks?
2. Is the judgment in tune with the modern concept of trade marks law?
3. Do you think that even if a sub-classification could be made, in the facts and circumstances of the case it is possible to register the word "Charminar" in the new classification?

REFERENCES

1. Read *American Home Products Corpn. v. Mac Laboratories (P) Ltd.*, (1986) 1 SCC 465: AIR 1986 SC 137 and K. Ponnuswamy, "Intellectual Property" 1986 ASIL 328-51.
2. Henry W. Leeds, "Intent to Use—Its Time has Come" (1989) 79 TMR 269.
3. Read N.S. Gopalakrishnan, "Intellectual Property Law" (1996) 32 ASIL for a critical appraisal of *Cycle Corpn. of India Ltd. v. T.I. Raleigh Industries (P) Ltd.*, (1996) 9 SCC 430: AIR 1996 SC 3295: (1996) 16 PTC 537.
4. George Rolston, "Trafficking in a Trademark" (1960) 50 TMR 1166.
5. S.E. Chisholm, "The Legal Aspects of Trade Mark Assignments, Licences and Registered User Agreements" (1950) 40 TMR 1059.
6. Leslie W. Melville, "Trade Mark Licensing and the Bostitch Decision" (1966) 29 Mod L Rev 375.
7. Mark A. Greenfield, "Goodwill As a Factor in Trade Mark Assignments: A Comparative Study" (1970) 60 TMR 173.

GENERAL EXERCISE FOR THIS CHAPTER

1. Discuss the reasons for treating the creators of different items of intellectual property differently by law for the recognition of legal protection.
2. Discuss how the interest of the actual creators of the intellectual property is protected in the law of copyright, patent and design.
3. Identify the reasons for different norms followed in the case of transfer of copyright, patent, design and trade mark.
4. Discuss whether the notion of transferability of intellectual property rights could lead to monopoly and prevent competition so as to affect public interest. Identify the measures if any taken in the intellectual property laws to protect the public interest while recognising the notion of transferability of intellectual property rights.

CHAPTER 5

Public Interest and Intellectual Property Rights

INTRODUCTION

Different kinds of justifications are ascribed to the protection of property starting from the natural right theory propounded by Locke to the Marxian theory. Natural right is a right, which exists independently of specific statute law.¹ As per John Locke, "liberty" and "property" are almost a single word. But there is a strong argument put forward by many a jurist that this philosophy, though suited to the pre-industrial era, is absolutely unfit for this era of corporate ownership.² Charles A. Reich explains thus:

Property is not a natural right but a deliberate construction by the society. If such an institution did not exist, it would be necessary to create it, in order to have the kind of society we wish. ... Like the Bill of Rights, property represents a general, long range protection of individual and private interests, created by the majority for the ultimate good of all.³

In short, now there appears a consensus on the view that public interest is involved in the protection of property. This could be further explained in two ways. *Firstly*, public interest is involved in the non-interference with others' rights, which is an essential requirement of every civilised society. *Secondly*, the society takes the responsibility to protect individual property so that it gets something in return, which is worth making the effort. This is very evident from the nature of protection extended to intellectual property.

1. Simonds, "Natural Right of Property in Intellectual Productions" 1 Yale LJ 16.
2. Walton H. Hamilton, "Property: According to Locke" (1932) 41 Yale LJ 864, 876. *Read also*, Charles A. Reich, "The New Property" 43 Yale LJ 739 in which the author explains the gradual developments in the economy which forced the rejection of inseparability of property and liberty.
3. *See*, Charles A. Reich, *ibid*, 772.

The balancing of interests of the individual and society is the foundation of all intellectual property laws. This is very well reflected from the features like the limited term of protection to different types of intellectual property, depending upon the nature and scope of the right conferred on the owner of it. The provisions for fair use or research exemption to promote growth of knowledge and other limitations, like provisions for compulsory and statutory licensing, government use, etc., to facilitate access to the products of knowledge at affordable cost, are also intended to promote public interest.

TERM OF PROTECTION OF COPYRIGHT

Gillian Davies is of the opinion that the question of the term of copyright has been central to the evolution of the debate in the UK relating to maintaining of balance between the two public interests involved in copyright protection, namely, the public interest in encouraging creativity by protecting right owners and the public in dissemination of, and access to, works protected by copyright.⁴ The controversy with respect to the term of copyright in England was based on the argument that copyright is a natural right and it existed under common law even after the expiry of its statutory term.⁵ This view of perpetual copyright was accepted by the Court of King's Bench in *Millar v. Taylor*⁶ in 1769. However, the House of Lords rejected this idea in *Donaldson v. Beckett*⁷ very soon. The Court categorically stated that copyright was the deliberate creation of Statute of Anne. However, it was considered that common-law copyright remained unaffected by the statute. Gillian Davies is of the view that these two cases remain fascinating in that "they focused with such passion and eloquence on issues which are still relevant to copyright today".⁸ In both the cases the question of the need for a balance to be found between the rights of the author on the one hand, and the interests of the general public, on the other, came strongly into focus.

In the US, there could be no question of perpetual copyright because it would be unconstitutional. However, the issue of extended term of protection for copyright became an issue with the enactment of the Sonny Bono Copyright Term Extension Act, 1998 and the judicial decisions following that Act. Though Prof. Lawrence Lessig argued before the US Supreme Court in *Eldred v. Ashcroft*⁹ that this extended term had

4. Gillian Davies, *Copyright and the Public Interest* (2nd Edn., Sweet & Maxwell 2002) 54.

5. *Ibid.*, 28-42.

6. *Millar v. Taylor*, 98 ER 201: (1769) 4 Burr 2303.

7. *Donaldson v. Beckett*, (1774) 4 Burr 2408: 98 ER 257.

8. Gillian Davies, *Copyright and the Public Interest* (2nd Edn., Sweet & Maxwell 2002) 32.

9. 154 L Ed 2d 683; 537 US 186 (2003).

virtually made copyright perpetual, and hence was unconstitutional, his argument went unheeded.¹⁰

EXERCISE

1. Discuss the following observation of Justice Yates in *Millar v. Taylor*, 98 ER 201: (1769) 4 Burr 2303.

I will now consider the second general ground, upon which this perpetual copyright was argued at the Bar, namely, the supposed usage and law of this kingdom. Under this head, it was contended that the right of an author to the sole publication and perpetual monopoly of his works, though it were not maintainable on general principles, is yet a kind of customary property, a right that has always been allowed and supported in this kingdom.

If it was so, it is strange that in all our laws, where every kind of property is so much discussed, a claim so extensive as this is not absolutely established. Yet it was admitted by the plaintiff's counsel that they could not produce any one determination in a court of law that had established any such kind of property. They attempted, however, to set up some extraordinary substitutes to supply this deficiency. The first was the finding in the special verdict that before the reign of Queen Anne it was usual to purchase from authors the perpetual copyright of their books, and to assign the same from hand to hand for valuable considerations, and to make them the subject of family settlements. A description thus painted, with the striking ideas of purchase and family possessions, may at first sight dazzle the eye and catch our passions, but, when nearer looked at, fairly viewed, and examined, we shall find it merely an illusion.

There are but two lights, in which it can be applied to the present question—either (i) as establishing a customary property in fact, or (ii) as showing that there was a general idea or notion of such a right antecedent to the statute of Queen Anne.¹¹ With respect to the former, it is impossible that it can establish any customary claim. It is of no usage of which the law can take notice, being merely an allegation of particular contracts which some individuals have made before the reign of Queen Anne. Whereas, to constitute a legal custom, it must have these two qualities: first, a custom must import some general right in a district and not a few mere private acts of individuals; and, in the next place, such custom must appear to have existed immemorially. All customs operate (if they have any operation) as positive laws. The mere fact of usage will be no right at all in itself, but when a custom has prevailed from time immemorial, it has the evidence and force of an immemorial law. If the custom be general, it is the law of the realm; if local only, it is *lex loci*, the law of the place.

All laws are general as far as the law extends, and all customs of England are, of course, immemorial. No usage, therefore, can be part of that law, or have the force of a custom, that is not immemorial. Here no

10. Read, Lawrence Lessig, "How I Lost the Big One", available at <http://www.legalaffairs.org/issues/March-April-2004/story_lessig_marapro4.msp>.

11. 8 Anne, c 21 (c 19, Ruff); repealed by the Copyright Act, 1842.

such general or immemorial usage is suggested. This finding is merely an allegation of particular contracts made with particular individuals before the reign of Queen Anne. This, it is true, appears from this finding, that before the reign of Queen Anne copies [of books] have been purchased for valuable considerations and made the subject of family settlements. But, how long before? Whether one hundred years, fifty years, or ten years, is not stated. Very certainly, it could not be immemorial. For, the art of printing was not known in this kingdom till the reign of Edward IV [1461-1483]. Therefore, these contracts could not be derived from the ancient immemorial law of the land, and, consequently, they could not create a species of property which was unknown to that law.

It is, indeed, impracticable to draw any inference from such a proposition as this is. For, the verdict does not find that these rights were ever enforced against strangers. The parties would, undoubtedly, acquiesce in the agreement, and the families on whom they were settled would not reject a settlement, however, chimerical. But, unless it was shown that these claims have been enforced against strangers, no private contracts or family settlements can impose a law upon the public.

It is said that they serve to show there was a general idea and apprehension of the existence of such a right, before the statute of Queen Anne. Admit the idea had been ever so general; what are we thence to infer? If the ideas and sentiments and apprehensions of individuals were sufficient ground whereupon to establish a species of property, what a vast extent would this carry it to! Immense ideas of property were raised in the South Sea stock in the year 1720. In that year, innumerable rights of this kind were bought and sold, and these transactions passed between parties whose ideas were as sanguine as any authors could be that the ideas they sold were real property. Yet the subjects that were sold were, in truth and fact, no real property. The goodwill of a shop, or of an ale-house, and the custom of the road (as it is called among carriers) are constantly bargained for and sold, as if they were property. But what are these? Nothing more than the goodwill of the customers who may withdraw from them the very next day if they please. The purchaser of this custom or goodwill gains no certain property in it. He has no power to confine it to himself, nor can he use any power to prevent other people from gaining the custom. It is an advantage, indeed, so far of service, as it gives the purchaser a priority for custom. So it is in the case of the publication of a book; it gives a priority, and gets a set of first customers. But none of these cases can establish an absolute, perpetual, exclusive property.

Whatever ideas individuals may form, or however they may traffic among themselves in imaginary claims, they cannot affect the real right of the public who are no parties to such contracts. They cannot create law. It is a well-known maxim in our law that no man can by any device whatever, create a new consequence out of an estate, or innovate upon the law of the land. He cannot annex to his estate any novel conditions that are inconsistent with the nature of the estate; much less can the acts or interests of individuals abridge the public of their natural right, or establish monopolies.

2. Discuss the following observation of Lord Camden in *Donaldson v. Beckett*, (1774) 4 Burr 2408: 98 ER 257.

In short, the more Your Lordships examine the matter, the more you will find that these rights are founded upon the charter of the Stationers' Company and the royal prerogative; but what has this to do with the common-law right? For never, my lords, forget the import of that term. Remember always that the common-law right now claimed at your Bar is the right of a private man to print his works for ever, independent of the crown, the company, and all mankind. In the year 1681, we find a bye-law for the protection of their own company and their copyrights, which then consisted of all the literature of the kingdom; for they had contrived to get all the copies into their own hands. In a few years afterwards, the Revolution was established, then vanished prerogative, then all the bye-laws of the Stationers' Company were at an end; every restraint fell off from the press, and the whole common law of England walked at large. During the succeeding fourteen or sixteen years, no action was brought, no injunction obtained, although no illegal force prevented it; a strong proof that at that time there was no idea of a common-law claim. So little did they then dream of establishing a perpetuity in their copies, that the holders of them finding no prerogative security, no privilege, no licensing act, no Star Chamber decree to protect their claim, in the year 1708 came up to Parliament in the form of petitioners, with tears in their eyes, hopeless and forlorn; they brought with them their wives and children to excite compassion, and induce Parliament to grant them a statutory security. They obtained the Act. And again and again sought for a further legislative security. *****

And now what are they? What are the foundations of this claim in the English common law? Why, in the first place, say the respondents, every man has a right to his ideas? Most certainly, every man who thinks has a right to his thoughts while they continue his; but here the question again returns; when does he part with them? When do they become *publici juris*? While they are in his brain no one indeed can purloin them; but what if he speaks, and lets them fly out in private or public discourse? Will he claim the breath, the air, the words in which his thoughts are clothed? Where does this fanciful property begin, or end, or continue? Oh, say they, the ideas are marked in black and white, on paper or parchment; now, then, we get at something; and an action, I allow, will lie for ink and paper: but what says the common law about the incorporeal ideas, and where does it prescribe a remedy for the recovery of them, independent of the materials to which they are affixed? I see nothing about the matter in all my books; nor were I to admit ideas to be ever so distinguishable and definable, should I infer they must be matters of private property, and objects of the common law?

But granting this general position, we get footing but upon one single step, and new doubts and difficulties arise whenever we attempt to proceed. Is this property descendable, transferable, or assignable? When published, can the purchaser lend his book to his friend? Can he let it out for hire as the circulating libraries do? Can he enter it as common stock in a

literary club, as is done in the country? May he transcribe it for charity? Then what part of the work is exempt from this desultory claim: does it lie in the sentiments, the language and style, or the paper? If in the sentiments or language no one can translate or abridge them. Locke's Essay might perhaps be put into other expressions, or newly methodised, and all the original systems and ideas be retained. These questions show how the argument counteracts itself, how the subject of it shifts, and becomes public in one sense, and private in another: and they are all new to the common law, which leaves us perfectly in the dark about their solution. And how are the Judges, without a rule or guide, to determine them when they arise, whose books and studies afford no more light upon the subject than the common understandings of the parties themselves? What diversity of judgments! What confusion in opinion must they fall into! Without a trace or line of law to direct their determination! What a code of law yet remains for their ingenuity to furnish, and could they all agree in it, it would not be law at last, but legislation.

But it is said that it would be contrary to the ideas of private justice, moral fitness, and public convenience, not to adopt this new system. But who has a right to decide these new cases, if there is no other rule to measure but by moral fitness and equitable right? Not the Judges of the common law, I am sure. Their business is to tell the suitor how the law stands, not how it ought to be; otherwise each Judge would have a distinct tribunal in his own breast, the decisions of which would be irregular and uncertain, and various, as the minds and tempers of mankind. As it is, we find they do not always agree: but what would it be, where the will of right would always be the private opinion of the Judge, as to the moral fitness and convenience of the claim? Caprice, self-interest, vanity, would by turns hold the scale of justice, and the law of property be indeed most vague and arbitrary. That excellent Judge, Lord Chief Justice Lee, used always to ask the counsel, after his argument was over, 'Have you any case?' I hope Judges will always copy the example, and never pretend to decide upon a claim of property, without attending to the old black fetter of our law, without founding their judgment upon some solid written authority, preserved in their books, or in judicial records. In this case I know there is none such to be produced. *****

If, then, there be no foundation of right for this perpetuity by the positive laws of the land, it will I believe find as little claim to encouragement upon public principles of sound policy, or good sense. If there be anything in the world common to all mankind, science and learning are in their nature *publici juris*, and they ought to be as free and general as air or water. They forget their Creator, as well as their fellow creatures, who wish to monopolise His noblest gifts and greatest benefits. Why did we enter into society at all, but to enlighten one another's minds, and improve our faculties, for the common welfare of the species? Those great men, those favoured mortals, those sublime spirits, who share that ray of divinity which we call genius, are entrusted by Providence with the delegated power of imparting to their fellow-creatures that instruction which heaven meant for universal benefit; they must not be niggards to

the world, or hoard up for themselves the common stock. We know what was the punishment of him who hid his talent, and Providence has taken care that there shall not be wanting the noblest motives and incentives for men of genius to communicate to the world those truths and discoveries which are nothing if uncommunicated. Knowledge has no value or use for the solitary owner: to be enjoyed it must be communicated. '*Scire tuum nihil est, nisi te scire hoc sciat alter*'. Glory is the reward of science, and those who deserve it, scorn all meaner views: I speak not of the scribblers for bread, who tease the press with their wretched productions; fourteen years is too long a privilege for their perishable trash. It was not for gain, that Bacon, Newton, Milton, Locke, instructed and delighted the world; it would be unworthy of such men to traffic with a dirty bookseller for so much a sheet of a letter press. When the bookseller offered Milton five pound for his *Paradise Lost*, he did not reject it, and commit his poem to the flames, nor did he accept the miserable pittance as the reward of his labour; he knew that the real price of his work was immortality, and that posterity would pay it. Some authors are as careless about profit as others are rapacious of it; and what a situation would the public be in with regard to literature, if there were no means of compelling a second impression of a useful work to be put forth, or wait till a wife or children are to be provided for by the sale of an edition. All our learning will be locked up in the hands of the Tonsons and the Lintons of the age, who will set what price upon it their avarice chooses to demand, till the public become as much their slaves, as their own hackney compilers are.

Instead of salesmen, the booksellers of late years have forestalled the market, and become engrossers. If, therefore, the monopoly is sanctified by Your Lordships' judgment, exorbitant price must be the consequence; for every valuable author will be as much monopolised by them as Shakespeare is at present, whose works, which he left carelessly behind him in town, when he retired from it, were surely given to the public if ever author's were; but two prompters or players behind the scenes laid hold of them, and the present proprietors pretend to derive that copy from them, for which the author himself never received a farthing.

I pass over the flimsy supposition of an implied contract between the bookseller who sells, and the public which buys the printed copy; it is a notion as unmeaning in itself as it is void of a legal foundation. This perpetuity now contended for is as odious and as selfish as any other, it deserves as much reprobation, and will become as intolerable. Knowledge and science are not things to be bound in such cobweb chains; when once the bird is out of the cage—*volat irrevocabile*—Ireland, Scotland, America, will afford her shelter, and what, then, becomes of your action? His Lordship concluded with several observations on the Statute of Queen Anne, in which he took notice that the old copies were entitled to 21 years, and the new ones but to 14, and said, that if the legislature had intended to make the right perpetual, they would have taken care that the remedy should be so too.

REFERENCES

1. "Letter of Thomas Jefferson to Isaac Mcpherson dated 13-8-1813 reproduced in full as Appendix-C", Gregory A. Stobbs, *Software Patents* (2nd Edn., Aspen Law and Business 2000).
2. Christina N. Gifford, "The Sonny Bono Copyright Term Extension Act" (2001) 33 IPLR 507.
3. D.S. Karjala, et. al., "Comment of US Copyright Law Professors on the Copyright Office Term of Protection Study" (1994) 12 EIPR 531.
4. Morton Schaeffer, "Duration of Copyright Term" (1962) 9 BULL. CR SOC 460.
5. Shubha Ghosh, "The Merits of Ownership or How I Learned to Stop Worrying and Love Intellectual Property Law", Review Essay of Lawrence Lessig, *The Future of Ideas*.
6. Siva Vaidhyanathan, "Copyrights and Copywrongs" (2002) 15 Harv JL & Tech 453.

LIMITATIONS AND EXCEPTIONS

It is well understood that one of the objectives of protection of intellectual property is to promote the growth of knowledge and science. And always there used to be an attempt to make sure that something is received by the society as *quid pro quo* for the grant of the monopoly. This is achieved by the requirement of publication in case of works and disclosure in case of patent for granting intellectual property protection. It is well understood that creativity is based on existing knowledge and the creator must have the freedom to use the existing knowledge as building blocks for future creation. It is this principle that gets reflected in the limitations and exceptions to the intellectual property protection. Subsequent users are permitted to use the protected material as long as it is for the creation of new one and not substantially affecting the economic and other interest of the first creator. Different standards are used in intellectual property laws to carve out the boundaries of permissible use and violation of the rights.

The TRIPS Agreement for the first time laid down internationally binding broad minimum standards to be followed in this regard in Articles 13¹²,

12. Art. 13—Limitations and Exceptions on Copyright read: "Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

17¹³, 26(2)¹⁴ and 30¹⁵. The countries have the freedom to provide limitations and exceptions satisfying the conditions stated in these provisions. These three conditions which "limit" the limitations to intellectual property are termed as three-step test.¹⁶ The terms "do not unreasonably prejudice the legitimate interest of the right holder", "do not conflict with normal exploitation" etc., used in these provisions were the subject-matter of interpretation by the Dispute Settlement Body of the World Trade Organisation.¹⁷ The norms applied in copyright and patent are discussed below.

Copyright

In England, since the 1911 Act, certain statutory defences have been available in relation to infringement of copyright, the most important of which is fair dealing. The "fair dealing" in England is different from the "fair use" provision in the US. In England it is limited to three purposes: research or private study; criticism or review; and reporting current events. The defence only applies within these bounds and unlike the US defence, it is not an open-ended defence of general application.¹⁸ However, whether a particular use is "fair" is for the courts to determine. Lord Denning, in *Hubbard v. Vosper*¹⁹, stated the test to be applied as follows:

13. Art. 17—Exceptions in case of Trade marks read: "Members may provide limited exceptions to the rights conferred by a trade mark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties."

14. Art. 26(2) on Design read: "Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties."

15. Art. 30—Exceptions to Rights Conferred on Patent read: "Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties."

16. Read, Martin Senftleben, *Copyright, Limitations and the Three-Step Test—An Analysis of the Three-Step Test in International and EC Copyright Law* (Kluwer Law International 2004) for a detailed analysis of the three-step test.

17. See, The Copyright Dispute Between US and EU, United States—S. 110(5) of the US Copyright Act WT/DS160/R and the Patent Dispute Between EU and Canada, Canada—Patent Protection of Pharmaceutical Products WT/DS114/R and the European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs WT/DS290/R.

18. Gillian Davies, *Copyright and the Public Interest* (2nd Edn., Sweet & Maxwell 2002) 57.

19. (1972) 2 QB 84; (1972) 2 WLR 389; (1972) 1 All ER 1023 (CA).

It is impossible to define what is 'fair dealing'. It must be a question of degree. You must consider first the number and the extent of the quotations and extracts. Are they altogether too many and too long to be fair? Then you must consider the use made of them. If they are used as a basis for comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, that may be unfair. Next, you must consider the proportions. To take long extracts and attach short comments may be unfair. But, short extracts and long comments may be fair. Other considerations may come to mind also. But, after all is said and done, it must be a matter of impression.²⁰

In the US, the public interest has played a determining role and continues to do so in the justification for copyright protection. The earliest judicial recognition of the doctrine of fair use in the US was given by Justice Story in a decision concerning the letters of President George Washington thus:

In short, we must often, in deciding questions of this sort, look to the nature of objects of selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits or supersede the objects, of the original work.²¹

In India, Section 52 of the Copyright Act deals with acts that are not infringing. This means that a formal consent of the author or owner of the work is not needed for doing the activities mentioned in this provision. There are a number of activities included in this and this could be broadly classified into: (a) fair dealing of works; (b) permissible use of computer programme; (c) use by judiciary, legislature and Government; (d) educational use; (e) use by library; (f) cultural and religious use; (g) use for disabled persons; and (h) other permissible use. It is interesting to note that this provision reflects the broad public interest the legislature kept in mind taking into consideration the social, educational, cultural and economic conditions of the Indian society.

The following case illustrates how fair dealing is applied by the courts in India.

ACADEMY OF GENERAL EDUCATION
v. B. MALINI MALLYA

(2009) 4 SCC 256; AIR 2009 SC 1982; (2009) 39 PTC 393

(JUSTICE S.B. SINHA, JUSTICE LOKESHWAR SINGH
PANTA AND JUSTICE B. SUDERSHAN REDDY)

JUSTICE S.B. SINHA

"Yakshagana" is a form of ballet dance. It has its own heritage. Indisputably, Dr Kota Shivarama Karanth, a Jnanpith awardee, who

20. *Ibid*, 394 (WLR).

21. *Folsom v. Marsh*, 6 Hunt Mer Mag 175; 9 F Cas 342, 348 (1841).

5] was a Novelist, Playwriter, Essayist, Encyclopedianist, Cultural Anthropologist, Artist, Writer of Science, Environmentalist, developed a new form of "Yakshagana". He was a Director of the appellant-institute. On or about 18-6-1994, he executed a Will in favour of the respondent. Dr Karanth expired on 9-12-1997. Yakshagana Ballet dance as developed by Dr Karanth was performed in New Delhi on or about 18-9-2001. Respondent filed a suit for declaration, injunction and damages alleging violation of the copyright in respect of the said dance vested in her in terms of the said Will stating that Dr Karanth developed a new distinctive dance, drama troop or theatrical system which was named by him as "Yaksha Ranga" which in his own words mean "creative extension of traditional Yakshagana"; and, thus, the appellants infringed the copyright thereof by performing the same at New Delhi without obtaining her prior permission. It was stated that Dr Karanth had composed seven verses or prasangas for staging Yaksharanga Ballet apart from bringing in changes in the traditional form thereof on its relevant aspects, namely, Raga, Tala, Scenic arrangement, Costumes etc. These prasangas are: (i) Bhishma Vijaya; (ii) Nala Damayanthi; (iii) Kanakangi or Kanakangi Kalyana; (iv) Abhimanyu or Abhimanyu Vada; (v) Chitrangadha or Babruvahana Kalaga; (vi) Panchavati; and (vii) Ganga Charitha. Plaintiff-respondent admittedly claimed copyright in respect of "literary and artistic works" in her favour in terms of clauses 11 and 12 of the said Will dated 18-6-1994, which read as under: [***** extracted the clauses and continued.]

Plaintiff-respondent, inter alia, prayed for passing a judgment and decree against the defendants-appellants granting the following reliefs:

1. A declaration that the plaintiff is the exclusive copyright holder in respect of Yaksharanga ballets, namely, Bhishma Vijaya, Kanakangi, Nala Damayanthi, Panchavati, Gaya Charitha, Chitrangadha, Abhimanyu Vada, and for consequential permanent injunction restraining the defendants, their agents, employees, etc. from staging or performing any of the above said 7 ballets or Prasangas or any parts thereof.
2. Directing the defendants to pay to the plaintiff damages of ₹15,000 towards infringement of her copyright on account of staging or performing Abhimanyu Vada on 18-9-2001 at New Delhi.
3. Directing the defendants to pay to the plaintiff interest on ₹15,000 at 15 per cent p.a. from 18-9-2001 till now which is 95-00.
4. Directing the defendants to pay future interest on ₹15,000 at 15 per cent p.a. till payment of the entire amount. [***** discussed the grounds and continued.]

Appellants in their written statement, however, denied and disputed any copyright of the said dance in Dr Karanth alleging that whatever work

he had done was in the capacity of a Director of the Kendra with the assistance, finance and staff provided by the Organization of Mahatma Gandhi Memorial College Trust in respect whereof a Committee was formed under him by the Board of Trustees. It was furthermore contended that Dr Karanth was appointed as the President of the Executive Committee of Yakshagana Kendra for a period of three years by the appellant and while holding the said post only he expired.

By reason of a judgment and decree dated 14-11-2003, the District Judge, Udipi decreed the said suit declaring the plaintiff-respondent as a person having the exclusive copyright in respect of seven Prasangas and that she had acquired the same by reason of a Will as a residuary legatee and the defendants-appellants or their employees or agents were restrained from performing the said seven ballets or Prasangas or any parts thereof in any manner as evolved distinctively by Dr Karanth.

Appellants aggrieved thereby and dissatisfied therewith preferred an appeal before the Karnataka High Court which was marked as R.F.A. No. 271 of 2004. By reason of the impugned judgment and order dated 5-12-2007, the said appeal has been dismissed. [***** discussed the arguments and continued.]

Dr Rajiv Dhavan, learned Senior Counsel appearing on behalf of appellants in his usual fairness conceded:

- (i) The copyright in the literary work has been assigned by reason of the said Will in favour of the respondent in terms of clause 12 of the Will.
- (ii) Dr Karanth has made substantial changes in the original traditional form of the Yakshagana dance. Additions made in the form of the said dance including the Prasangas fell within the purview of "originality" in respect whereof copyright could be claimed.

It was, however, urged:

- (i) Keeping in view of the findings of the learned trial Judge, it ought to have been held that no cause of action arose against the appellants in this case as the Institution had performed the said dance at New Delhi in the memory of Dr Karanth without charging any fees.
- (ii) The form of copyright as regards dramatic work as has been held by the High Court stating the same to be a part of the literary work is not correct as they connote two different things.
- (iii) The form of injunction granted in favour of the plaintiff-respondent is not in terms of the provisions of the Copyright Act, 1957 as the appellant as an institution or otherwise is entitled to use the same in terms of clauses (a), (i) and (l) of sub-section (1) of Section 52 thereof. [***** discussed the arguments and continued.]

5]

52. *Certain acts not to be infringement of copyright.*—(1) The following acts shall not constitute an infringement of copyright, namely:

- (a) a fair dealing with a literary, dramatic, musical or artistic work not being a computer programme for the purpose of—
 - (i) private use including research;
 - (ii) criticism or review, whether of that work or of any other work;

* * *

- (i) the performance, in the course of the activities of an educational institution, of a literary, dramatic or musical work by the staff and students of the institution, or of a cinematograph film or a sound recording, if the audience is limited to such staff and students, the parents and guardians of the students and persons directly connected with the activities of the institution or the communication to such an audience of a cinematograph film or sound recording.

* * *

- (l) the performance of a literary, dramatic or musical work by an amateur club or society, if the performance is given to a non-paying audience, or for the benefit of a religious institution.

Before advertng to the submissions made by the learned counsel for the parties, we may notice the issues framed in the suit, which are:

- (i) Does plaintiff prove that late Dr Shivaramji Karanth had acquired copyright in respect of seven Yakshagana Prasangas and also in respect of Yakshagana dramatic or theatrical form, *i.e.* Bhishma Vijaya, Nala Damayanthi, Kanakangi or Kanakangi Kalyana, Abhimanyu or Abhimanyu Vada, Chitrangadha or Babruvahana Kalaga, Panchavati Charitha followed in the plaint?
- (ii) Has the plaintiff become entitled to the said right under the Registered Will dated 18-6-1994?
- (iii) Does the plaintiff prove that her right under the said Will was infringed by the defendants?

Indisputably, in view of the submissions made at the Bar, respondent had acquired copyright in respect of seven Yakshagana Prasangas as also in respect of Yakshagana dramatic or theatrical form as a residuary legatee in terms of clause 12 of the Will dated 18-6-1994.

[***** discussed the arguments and continued.]
Broadly speaking, a dramatic work may also come within the purview of literary work being a part of dramatic literature. The new Encyclopaedia Britannica (Vol-IV) 15th Edition, provides the following information about Dramatic Literature. "Dramatic Literature: the texts of plays that can be read, as distinct from being seen and heard in performance." We must, however, notice that the provisions of the Act make a distinction between the "literary work" and "dramatic work". Keeping in view the statutory provisions, there cannot be any doubt whatsoever that copyright in respect of performance of "dance" would not come

within the purview of the literary work but would come within the purview of the definition of "dramatic work". We, however, do not mean to suggest that any act of literary work will be outside the purview of the Will dated 18-6-1994. Our exercise in this behalf was only for the purpose of clarifying the provisions of the Act with reference to the findings arrived at by the High Court.

For the aforementioned reasons, we agree with Dr Dhavan that paragraph 12 of the Will, namely, residuary clause shall apply in the instant case apart from the areas which are otherwise covered by paragraph 11 of the Will. The residuary clause will apply because it is well settled that no part of the stay lies in limbo. It was also not a case where respondent in any manner whatsoever waived her right. The learned trial Judge on issue No. 4 opined that plaintiff had not been able to prove actual loss or damage particularly having regard to the fact that Dr Karanth had associated himself with the appellants for a long time. The learned trial Judge recognised the equitable interest vested in the plaintiff-respondent. A declaratory decree, therefore, was passed.

We may notice at this stage that the form of injunction granted both by the learned trial Judge as also by the High Court in favour of the plaintiff-respondent. The operative part of the judgment of the trial court reads as under: "Defendants or their employees or agents are restrained from performing the above said 7 ballets or Prasangas or in parts thereof in any manner as evolved distinctively by Dr Karanth by way of permanent injunction" The High Court, however, directed:

(iii) As far as the restraint order passed by the trial court by granting permanent injunction to the plaintiff is concerned, the same is modified by ordering that if the appellants desire to stage any of the seven Yakshagana Prasangas in the manner and form as conceived in all respects viz., costumes, choreography and direction by Dr Karanth, the appellants can do so only in accordance with the provisions of the Copyright Act, 1957 in view of copyright in seven Prasangas vesting with the plaintiff.

[**** referred to *R.G. Anand v. Delux Films*, (1978) 4 SCC 118; AIR 1978 SC 1613 and *Eastern Book Company v. D.B. Modak*, (2008) 1 SCC 1; AIR 2008 SC 809 and continued.]

The High Court, in our opinion, should have clarified that the appellants can also take the statutory benefit of the provisions contained in clauses (a), (i) and (l) of sub-section (1) of Section 52 of the Act. Section 52 of the Act provides for certain acts which would not constitute an infringement of copyright. When a fair dealing is made, inter alia, of a literary or dramatic work for the purpose of private use including research and criticism or review, whether of that work or of any other work, the right in terms of the provisions of the said Act cannot be claimed. Thus, if some performance or dance is carried out within the purview of the said clause, the order of injunction shall not be applicable. Similarly,

5] appellant being an educational institution, if the dance is performed within the meaning of provisions of clause (i) of sub-section (1) of Section 52 of the Act strictly, the order of injunction shall not apply thereto also. Yet again, if such performance is conducted before a non-paying audience by the appellant, which is an institution if it comes within the purview of amateur club or society, the same would not constitute any violation of the said order of injunction.

With the aforementioned modification in the order of injunction, this appeal is dismissed. However, in the facts and circumstances of the case, there shall be no order as to costs.

POINTS FOR DISCUSSION

1. What constitute fair dealing of works? Whether performing the complete work before a non-paying audience a fair dealing?
2. Do you think that the staging of the play by the institution is a private use under Section 52(1)(a)?
3. Discuss whether staging of the play by the defendant before a non-paying audience outside the educational institution is covered under Section 52(1)(i).
4. Do you think that the defendant can be treated as "society" under Section 52(1)(l)?
5. Discuss the modifications made by the Supreme Court in the judgment of High Court.
6. Do you think that as per this decision performing of the work is covered under Section 52?

READ

1. *Ram Sampath v. Rajesh Roshan*, (2009) 40 PTC 78, 90 (Bom).
2. *Periyar Self Respect Propaganda Institution v. Periyar Dravidar Kazhagam*, (2009) 41 PTC 448 (Mad).
3. *Super Cassettes Industries Ltd. v. Hamara Television Network*, (2011) 45 PTC 70 (Del).
4. *Super Cassettes Industries Ltd. v. Chintamani Rao*, (2012) 49 PTC 1 (Del).
5. Dan L. Burk and Julie E. Cohen, "Fair Use Infrastructure for Rights Management Systems", Georgetown Public Law Research Paper No. 239731, University of Minnesota, Georgetown University Law Center, 2001.
6. David Lange and Jennifer Lange Anderson, "Copyright, Fair Use and Transformative Critical Appropriation", available at <<http://law.duke.edu/pd/papers/langeand.pdf>>.
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9. Paul K. Saint-Amour, Robert Spoo and Joseph S. Jenkins, "Introduction: Futures of Fair Use" (Spring 2013) 25 Law and Literature 1-9.
10. Pierre N. Leval, "Toward a Fair Use Standard" (March 1990) 103 Harv L Rev 1105-36.
11. H. Sun, "Fair Use as a Collective User Right" (2011) 90 North Carolina Law Review 125-201, available at <<http://hdl.handle.net/10722/144483>>.
12. Wendy J. Gordon, "Fair Use As Market Failure: A Structural and Economic Analysis of the *Betamax Case* and Its Predecessors" (Dec. 1982) 82 Colum L Rev 1600-57.
13. William F. Patry and Richard A. Posner, "Fair Use and Statutory Reform in the Wake of *Eldred*" (2004) 92 Calif L Rev 1639, available at <<http://scholarship.law.berkeley.edu/californialawreview/vol92/iss6/3>>.
14. William W. Fisher III, "Reconstructing the Fair Use Doctrine" (Jun. 1988) 101 Harv L Rev 1659-1795.

SYNDICATE OF PRESS OF UNIVERSITY
OF CAMBRIDGE v. B.D. BHANDARI
(2005) 31 PTC 58 (Del)

(JUSTICE A.K. SIKRI AND JUSTICE SURESH KAIT)

JUSTICE A.K. SIKRI

The present appeal is filed against the judgment by the learned Single Judge in CS (OS) No. 1274 of 2004, whereby the Hon'ble Single Judge dismissed the suit filed by the appellant herein to restrain the defendants therein (respondents in this appeal) from selling books published by them and titled MBD English Guide B.A./B.Sc./B.COM Part I (Guru Nanak Dev University), MBD English Guide B.A./B.Sc./B.COM Part II (Guru Nanak Dev University) and MBD English Guide B.A./B.Sc./B.COM Part III (Guru Nanak Dev University).

The appellant, Cambridge University Press, the printing and publishing house integrately attached to the University of Cambridge is one of the oldest printing and publishing houses of the world. "Advance English Grammar by Martin Hewings", one of the leading publications of the appellant and the subject-matter herein, has been prescribed and used by many universities all over the Globe including India. This work is

also prescribed in Guru Nanak Dev University, Amritsar, Punjab for the students of B.A. Part I, II, III. The grievance of the appellant is that the respondents are publishing and selling books, as titled aforementioned, which do contain illegal and unauthorised ad verbatim reproduction of literary content of the grammar exercises and keys thereto given in units 1 to 120 of the appellant's publication titled "Advance English Grammar by Martin Hewings". Raising this grievance, the appellant filed the aforesaid suit on the Original Side of this Court to restrain the respondents herein from selling books published by them entitled MBD English Guide B.A./B.Sc./B.Com Part I (Guru Nanak Dev University), MBD English Guide B.A./B.Sc./B.Com Part II (Guru Nanak Dev University) and MBD English Guide B.A./B.Sc./B.Com Part III (Guru Nanak Dev University) on the premise that these books contained illegal and unauthorised reproduction of literary content of the appellant's publication titled "Advance English Grammar by Martin Hewings". Along with the suit, the appellant also filed application under Order 39 Rules I and II seeking ad interim injunction.

[**** discussed the issues framed before the Single Judge and continued.]

It would be of some significance to point out at this stage itself that in the written statement filed by the respondents, they had really not contested the copyright of the appellant. Their defences, however, were altogether different. It has been claimed by them that they are in the business inter alia of publication guides (which is described by the learned Single Judge as Kunji or Dukki, an epitaph given to such guides in this part of this country). According to them, by means of these guides, the respondents were merely facilitating the students better understanding of the subject-matter as the book of the appellant was prescribed by Guru Nanak Dev University. It was also their contention that the two publications were different; the illustrations in the textbook of the appellant were not existing in the publication of the respondents; while the answers in the appellant's publication were at the end of the book, the questions and answers were together in the publication of the respondents; while the appellant's publication contains two choices of answers for most of the questions, the respondents' publication gave only one answer. In nutshell, the defence put by the respondents was that the appellant's publication being a course book of the University, the respondents had merely published a guidebook, which was different from the appellant's course book and if in these guides, the respondents had published the answers as in the appellant's book that was but natural, as there could not have been different answers. That by itself did not amount to copying the work of the appellant and the format of two books was different. Moreover, the publication of the respondents was protected by the provisions of Section 52(1)(b) of the Act, as it amounted to "fair use", more so when

the appellant's book had been brought in public domain because of its prescription by a University. The learned Single Judge accepted this defence of the respondents, which led to the dismissal of suit.

Though various issues were framed as highlighted above, on the basis of arguments advanced by the learned counsel for the parties, we feel it apposite to crystallise the area of controversy. Succinctly stated, the issues, as emerging from the detailed submissions of the appellant are:

- (i) Whether the appellant's work in composing grammar sentences and exercises constitute original literary work or not and consequently there subsists any copyright in the appellant's work or not?
- (ii) If there subsists any copyright, then whether the prescription by the University, in the light of facts and circumstances of the present case, has an eroding effect on this copyright vested in the appellant?
- (iii) If not, or upto a certain extent yes, then whether the work of the respondents in publishing the guides amounts to infringement of the appellant's copyright over the aforementioned English Grammar book.

Issue No. 1

It has been submitted on behalf of the appellant that the observations of the learned Single Judge that "the exercises and answers thereto, which have been copied are to teach grammatical use of words, tense, etc. sentences, sometimes with blanks which have been framed for the said purposes. The same, in my opinion also do not constitute original literary, dramatic or artistic works" is contrary to Section 13 of the Act.

[***** discussed in detail the submission of parties, cases referred and continued.]

The exercises depict originality, as it has originated from the author. It is nobody's case that the author has copied these exercises from other source. It also satisfies the test of "skill, judgment and labour" as laid down in *Eastern Book Company v. D.B. Modak*²². On the application of legal principles on the facts of this case, inescapable conclusion would be that there is a copyright of the appellant in the exercises contained in the book.

Issue No. 2

Before we proceed towards this question, it would be pertinent to discuss an ancillary issue thereto. The issue involves interplay between the concepts of "public domain" and "fair use".

[***** discussed the views of Single Judge and arguments of parties and continued.]

22. (2008) 1 SCC 1; AIR 2008 SC 809.

The appellant has contended before us, and rightly so, that these two concepts, as discussed above, are distinct from each other. There can be no dispute that the doctrine of fair use is an exception to the copyright protection as the opening line of Section 52 uses the expression: "The following acts shall not constitute an infringement of copyright, namely: (a) a fair dealing with a literary, dramatic, musical or artistic work [not being a computer programme] for the purposes of." This expression implies that without the fair use protection the use shall constitute an infringement of copyright. However, on the other hand, when we say that the work is in public domain it means that no copyright protection is available to the concerned work and everyone is free to use that work in whatsoever manner he wishes to.

It is, thus, clear that when a work is in public domain, the natural consequence is that it does not enjoy copyright and question of violation thereof would not arise at all inasmuch as anybody and everybody has right to use and/or copy the same. On the other hand, when we talk of "fair use", it would be in the context that there is someone who enjoys copyright in that work, but the user thereof comes within the domain of eventualities provided under Section 52 of the Copyright Act. Thus, all the cases of fair dealing are infringements, but the law examines the same based on the principles of "modicum of creativity", access and affordability based on social, economic, educational, industrial, etc. considerations of society.

What follows from the above is that the two concepts, viz., "public domain" and "fair use" work in altogether different fields. When the defence is taken that a particular work is in public domain, the question for consideration would arise as to whether the appellant enjoys copyright therein or not. On the other hand, when plea of fair use under Section 52 of the Copyright Act is adopted by the respondents, what is expected from the Court on the application of the provisions of Section 52 of the Act is not to examine whether the activity is infringement or not, but to examine whether the conditions stated in a particular clause of Section 52 of the Act invoked by the respondents is satisfied or not. However, since the respondents herein have taken umbrage under both, viz., public domain and fair use, we would proceed to discuss both of them independently of each other albeit on the premise that these are the pleas taken in the affirmative.

Public Domain: [***** discussed the arguments of parties and continued.]

Firstly, let's deal with the term "public domain". Legally speaking, the term "public domain" refers to "creative materials" that are not protected by intellectual property laws such as copyright, trade mark or patent laws. *Black's Law Dictionary*, 7th Edition, defines "public domain" as "realm of publications, inventions, and processes that are not protected

is reduced to a right of equitable remuneration.⁶³ In the case of statutory licences, the remuneration is fixed by statute or by a competent authority as per the provisions of the statute. In compulsory licence, the right owner is entitled to negotiate with the user to fix the terms of the use, including the amount of equitable remuneration⁶⁴ or royalty. If the parties do not agree, the aggrieved parties could approach the competent authorities for compulsory licence and the terms and conditions, including the amount of remuneration, are fixed by administrative or judicial authorities. The essential difference between the two is that in the case of statutory licence the right of the licensee to use the work derives directly and solely from the statute which also regulates the equitable remuneration, whereas under a compulsory licence system the user is not entitled to use the work against the payment of a standard royalty, but based on the terms and conditions fixed by the administrative or judicial authority.

There are two main reasons for introducing non-voluntary licences: (i) where the users of certain works have access to these works on terms which are known in advance and it is not practical for them to locate right owner each time and obtain an individual licence from him; (ii) to avoid the creation of a monopoly for a user of certain copyrights at the expense of all other users.⁶⁵

The main criticism of the principle of all non-voluntary licences is two-fold. The first criticism relates to the moral rights of the author. The second criticism relates to his economic rights. The level of remuneration is said to be lower because the bargaining power of the author is reduced. Anxiety has also been expressed that the proliferation of compulsory licences may undermine the copyright system and that the limitations imposed on copyright owners in the public interest may lead to unjustified enrichment by private commercial users of copyrights because of reduced bargaining power of the copyright owners.⁶⁶

The UK Copyright Act, 1956 contained a provision for statutory licence of a special kind, which has now been abolished by the Copyright, Designs and Patents Act, 1988. Under the 1956 Act, the author was free to allow or forbid the first recording of a work, but once he had given permission to one recording company, all other users could record the work on the same terms by paying the statutory royalty. A composer could thus select the company he wished to record his work for the first time, but once that first recording had been made all other record companies could record the work by giving him the required notice and paying

63. Stewart and Sandison, *International Copyright and Neighbouring Rights* (Butterworths 1989) 83.

64. Gillian Davies, *Copyright and the Public Interest* (Sweet and Maxwell 2002) 184.

65. Stewart and Sandison, *International Copyright and Neighbouring Rights* (Butterworths 1989) 84.

66. *Ibid.*

the statutory royalty. This was a form of statutory licence tailored to avoid the creation of a monopoly for one recording company in respect of the work in question.⁶⁷ Indian Copyright Act, 1957 contains a similar provision⁶⁸ which was subjected to divergent judicial interpretations. The Copyright (Amendment) Act, 2012 introduced Section 31C making comprehensive amendment to solve conflicting opinions of the courts and some practical problems.

Commenting on the compulsory licensing provisions, Stewart opined:

Thus it seems, judging from the most recent copyright law revisions of major legislations, that there is a tendency towards the creation of compulsory licences, particularly in the fields of copyright where modern technology has created new uses for works giving new rights which can only be exercised effectively by bulk licensing through a collecting society or under a compulsory licence system.⁶⁹

However, it appears that compulsory licences are preferred to statutory licences in that in the latter case the owners' right to remuneration is declared by the statute and it was considered that in such cases, the limitation imposed in the public interest may lead to unjustified advancement of commercial interests.⁷⁰

Internationally there is no general provision to introduce compulsory licence for all works. But there are a few circumstances in which Berne Convention under Article 11bis(2) and Article 13(1) facilitate the issue of compulsory or statutory licence. Appendix to Berne Convention also empowers developing countries to introduce compulsory licence provisions in the law for foreign work for educational purposes on certain terms and conditions. Article 11 of the TRIPS Agreement also provides a general framework for introducing limitations and exceptions to all rights.

Under the Indian Copyright Act, Sections 31 and 32 provide for compulsory licence and Sections 31C and 31D are the statutory licensing provisions for recording of literary and musical works and broadcasting of literary and musical works respectively. In the recent times these provisions have resulted in interesting interpretations.

Compulsory licence

Section 31 of the Indian Copyright Act as amended in 2012 deals with compulsory licence in general for all works. This is in addition to the limited provisions for the grant of compulsory licence of foreign works,

67. *Ibid.*, 86–87.

68. S. 31C [previously S. 52(1)(j)], Copyright Act, 1957.

69. Stewart and Sandison, *International Copyright and Neighbouring Rights* (Butterworths 1989) 87.

70. *Ibid.*, 88.

based on the provisions of Appendix to the Berne Convention. In addition to this, a new provision was introduced in 2012 to facilitate access to works for persons with disability.⁷¹ The 2012 Amendment also extended the scope of compulsory licence for orphan works to published works.⁷² Only recently these provisions were pressed into use by the industry. The following cases are illustrative of the limitations of the provisions in the context of new modes of transmission of the works to satisfy public interest and the need to introduce amendments.

ENTERTAINMENT NETWORK (INDIA) LTD.
v. SUPER CASSETTE INDUSTRIES LTD.

(2008) 13 SCC 30

(JUSTICE S.B. SINHA AND JUSTICE LOKESHWAR SINGH PANTA)

JUSTICE S.B. SINHA

[**** general remarks and continued.]

First respondent is one of the leading music companies engaged in the production and/or acquisition of rights in sound recordings. It has copyright over a series of cassettes and CDs commonly known as T-series. It has copyrights in cinematographic films and sound recordings. Appellant M/s Entertainment Network (India) Ltd. (ENIL) broadcasts under the brand name "Radio Mirchi". It is a leading FM radio broadcaster. Disputes and differences arose between Bennett Coleman & Co. Ltd., the holding company of the first respondent and Phonographic Performance Ltd. (PPL) as regards the playing of the songs of which copyrights belongs to the first respondent in their FM radio network. Appellant is a company which holds licence for running FM radio stations in various cities across India. [***** discussed facts and continued.]

The radio industry was revolutionised by the Government of India as in October 1999 for its first phase of granting licence for private FM broadcasting channel, tenders were invited. Appellant herein was awarded the licence for running a private FM broadcasting service in 12 cities on payment of a hefty licence fee. Several other bidders were also granted licences. Respondent, however, was not a member of the appellant-society. It was found to have been using the broadcasting songs in respect whereof Super Cassettes Industry Limited (SCIL) had an ownership over the copyright. It was a member of the copyright society being Phonographic Performance Ltd. (PPL). Indisputably, there had been an infringement of the copyright of Super Cassettes. Allegedly, appellant was under the belief that it was a part of PPL and whereupon the music belonging to the repertoire of SCIL was played during the period from

71. S. 31B.

72. S. 31A.

October 2001 to May 2002 in its stations at Indore and Ahmedabad. Royalty was paid by ENIL to PPL at the rate of ₹400 per needle hour pursuant to the order passed by the Calcutta High Court dated 28-9-2001. Attempts were made to obtain a licence from SCIL when ENIL came to know that it was not a part of the copyright society PPL. Negotiations failed between the parties. A suit was filed before the Delhi High Court for restraining ENIL from playing and broadcasting the music belonging to SCIL on any of the Radio Stations belonging to ENIL. [***** referred the communications between the parties, proceeding before the Copyright Board for the first and second licence, dispute before High Courts and continued.]

We have two judgments before us; one from the Bombay High Court and another from the Delhi High Court. Whereas the Bombay High Court opined that in terms of Section 31 of the Act, grant of compulsory license on reasonable remuneration is permissible; the Delhi High Court held otherwise. Both the parties have preferred these appeals before us, the particulars whereof are as under: [***** discussed details of the appeal and the brief arguments of the parties discussed and continued.]

Core Issues

The core questions which, therefore, arise for consideration in these appeals are: (i) Whether the Copyright Board has jurisdiction under Section 31(1)(b) of the Copyright Act, 1957 to direct the owner of a copyright in any Indian work or a registered copyright society to issue compulsory licences to broadcast such works, where such work is available to the public through radio broadcast? (ii) Whether in any event such a compulsory license can be issued to more than one complainant in the light of Section 31(2)? (iii) What would be the relevant considerations which the Copyright Board must keep in view while deciding on (a) whether to issue a compulsory licence to a particular person; and (b) the terms on which the compulsory licence may be issued, including the compensation? [***** discussed the relevant statutory provisions and international conventions, Indian cases on use of international conventions for interpretation, laws of other countries and continued.]

Essential features of the Copyright Act

The Act seeks to maintain a balance between the interest of the owner of the copyright in protecting his works on the one hand and the interest of the public to have access to the works, on the other. The extent to which the owner is entitled to protection in regard to his work for which he has obtained copyright and the interest of the public is a matter which would depend upon the statutory provisions. Whereas the Act provides for exclusive rights in favour of owners of the copyright, there

are provisions where it has been recognised that public has also substantial interest in the availability of the works. The provisions relating to grant of compulsory licence must be viewed having regard to the aforementioned competing rights wherefor an appropriate balance has to be struck. For the said purpose, we may notice the broad features of the Act. [**** discussed Sections 16 and 14 and the limits of rights as per Articles 19 and 300A of Constitution and continued.]

The underlying philosophy of the Copyright Act is that the owner of the copyright is free to enter into voluntary agreement or licences on terms mutually acceptable to him and the licensee. The Act confers on the copyright owner the exclusive right to do the various acts enumerated in Section 14. An infringement of copyright occurs if one of those acts is done without the owner's licence. A licence passes no interest, but merely makes lawful that which would otherwise be unlawful. The Act also expressly recognises the notion of an "exclusive licence" which is defined in Section 2(j). But, that does not mean, as would be noticed from the discussions made hereinafter, that it would apply in all situations irrespective of the nature of right as also the rights of others. It means a licence which confers on the licensee, to the exclusion of all other persons (including the owner of the copyright) any right comprised in the copyright in a work. An exclusive licensee has specific rights under the Act such as the right to have recourse to civil remedies under Section 55 of the Act. This scheme shows that a copyright owner has complete freedom to enjoy the fruits of his labour by earning an agreed fee or royalty through the issuance of licences. Hence, the owner of a copyright has full freedom to enjoy the fruits of his work by earning an agreed fee or royalty through the issue of licences. But, this right, to repeat, is not absolute. It is subject to right of others to obtain compulsory licence as also the terms on which such licence can be granted. [**** discussed briefly the provisions dealing with copyright society and compulsory licence and continued.]

Construction of Section 31 of the Act

The broad requirements of Section 31 are as under: (a) The subject work must be an Indian work whose term of copyright is subsisting; (b) The Indian work must be one that has been published or performed in public; (c) The owner of the copyright in the work must have (i) refused to republish or allow republication of the work or have refused to allow the performance of the work and by reason of such refusal the work is withheld from the public; or (ii) refused to allow communication to the public by broadcast, of such work or in the case of a sound recording the work recorded in such sound recording, on terms which the complainant considers reasonable; and (d) The Copyright Board is satisfied that

the grounds for refusal are not reasonable. Significantly, in between the clauses (a) and (b), the word "or" has been used. It must be read disjunctively and not conjunctively. Even otherwise, reading the said provision, conjunctively is not possible. Clause (a) refers to republication or allowing republication of the work, etc. Clause (b) refers to refusal to allow communication to the public in the case of a broadcast or in the case of the sound recording.

What is the meaning of the word "refusal". The dictionary meaning of "refusal" whereupon reliance has been placed by Mr Divan may, at the outset, be noticed.

refusal.—1. The denial or rejection of something offered or demanded (the lawyer's refusal to answer questions was based on the attorney-client privilege).

2. An opportunity to accept or reject something before it is offered to others; the right or privilege of having this opportunity (she promised her friend the first refusal on her house).⁷³

The meaning of a word must be attributed to the context in which it is used. For giving a contextual meaning, the text of the statute must be kept in mind. An act of refusal depends upon the fact of each case. Only because an offer is made for negotiation or an offer is made for grant of licence, the same *per se* may not be sufficient to arrive at a conclusion that the owner of the copyright has not withheld its work from public. When an offer is made on an unreasonable term or a stand is taken which is otherwise arbitrary, it may amount to a refusal on the part of the owner of a copyright.

When the owner of a copyright or the copyright society exercises monopoly in it, then the bargaining power of an owner of a copyright and the proposed licensee may not be same. When an offer is made by an owner of a copyright for grant of licence, the same may not have anything to do with any term or condition which is wholly alien or foreign therefore. An unreasonable demand if acceded to, becomes an unconstitutional contract which for all intent and purport may amount to refusal to allow communication to the public work recorded in sound recording. A *de jure* offer may not be a *de facto* offer. Although the term "work" has been used both in clauses (a) and (b) of sub-section (1) of Section 31, the same has been used for different purpose. The said term "work" has been defined in Section 2(y) in different contexts. It enumerates the works which are: (i) a literary, dramatic, musical or artistic work; (ii) a cinematograph film; (iii) a sound recording. Thus, a literary work *ex facie* may not have anything to do with sound recording.

There are indications in the Act particularly having regard to Sections 14(1)(a) and 14(1)(e) thereof that they are meant to operate in

73. See, *Black's Law Dictionary* (7th Edn.).

different fields. They in fact do not appear to be operating in the same field. Clause (a) refers to publication or republication of the work. It may be in print media or other medias. Clause (b), however, refers to broadcast alone. Sound recording is a part of it. Sub-clauses (i) to (vii) of sub-clause (a) of sub-section (1) of Section 14 and sub-clauses (i) to (iii) of sub-clause (e) conferred different meanings of the word copyright. Whereas clause (a) refers to work in general, clause (b) refers to work recorded in such sound recording, which in turn means the recording of sounds from which such sounds may be reproduced regardless of the medium on which such recording is made or the method by which the sounds are produced. Clause (b) *ex facie* does not fit in the scheme of clause (a). Interpretation of clause must be given effect to having regard to the limitations contained therein, namely, unless context otherwise requires.

Communication to the public is possible by way of diffusion. Explanation appended to Section 2(ff) clearly shows the extensive meaning of the said term. Publication and republication of a work in general may be different from communication of a work recording in sound recording. The use of words "such work" also assumes significance. The said words must be understood having regard to the fact that the sound recording is also a work. If it is accepted that voluntary licences have been entered into by the owners with All India Radio and some other Radio Broadcasters, then it is sufficient for closing the doors on another person to approach the Copyright Board. One may as well say that if it is provided to a satellite channel or a space radio, the same also would subserve the purpose for refusing to grant an application under Section 31 of the Act.

A contextual interpretation of the provisions would lead us to consider the ground realities. FM radios are played for every city. The word "work" in the context of broadcast must be understood having regard to the fact that there are 150 FM licences out of which about 93 are working. There are 300 broadcasters working in almost all the big cities in India. The word "public" must be read to mean public of all parts of India and not only a particular part thereof. If any other meaning is assigned, the terms "on terms which the complainant considers reasonable" would lose all significance. The very fact that refusal to allow communication on terms which the complainant considers reasonable have been used by Parliament indicate that unreasonable terms would amount to refusal. It is in that sense the expression "has refused" cannot be given a meaning of outright rejection or denial by the copyright owner. PPL and SCIL might have been called upon the broadcasters to enter into licences and were willing to licence their repertoire. But their contention was that if such terms are unreasonable, it amounted to refusal which would attract Section 31 of the Act. The words "communicate the work

to the public by broadcast" is of significance. It provides for a mode of communication. Thus, only because a Registrar of a copyright would be directed to grant a licence to communicate the work to the public by broadcast would not mean that only a single licence shall be granted. The Board acting as a statutory authority can exercise its power from time to time. It is therefore not correct to contend that having regard to the provisions of sub-section (2) of Section 31, compulsory licence can be granted only to one and not to more than one broadcaster. We would deal with this provision at some details a little later. In response to a query as to whether when an application for compulsory licence is filed any publication thereof is made or not; we are informed that no such rule or practice exists. Apart from the fact that application for grant of compulsory licence in the matter of sound recording may be by different persons; the wide range of it has been noticed by us hereinbefore. It may be for different parts of the country nay different cities. If a compulsory licence is granted only once covering every single part of the country, the same cannot be lead to a conclusion that no other person can approach the Board.

Section 31(1)(b) in fact does not create an entitlement in favour of an individual broadcaster. The right is to approach the Board when it considers that the terms of offer for grant of licence are unreasonable. It, no doubt, provides for a mechanism but the mechanism is for the purpose of determination of his right. When a claim is made in terms of the provisions of a statute, the same has to be determined. All cases may not involve narrow commercial interest. For the purpose of interpretation of a statute, the court must take into consideration all situations including the interest of the person who intends to have a licence for replay of the sound recording in respect whereof another person has a copyright. It, however, would not mean that all and sundry can file applications. The mechanism to be adopted by the Board for determining the right of a complainant has been provided under the Act. Explanation appended to Section 31 also plays an important role as it seeks to make a distinction between an artistic work on the one hand and a cinematographic film or sound recording on the other. We are not concerned therewith at this stage.

Admittedly in terms thereof the principles of natural justice are required to be complied with and an enquiry has to be held. The extent of such enquiry will depend upon the facts and circumstances of the case. A finding has to be arrived at that the grounds of refusal by an owner of a copyright holder is not reasonable. Only upon arriving at the said finding, the Registrar of copyright would be directed to grant a licence for the said purpose. The amount of compensation payable to the owner of the copyright must also be determined. The Board would also be entitled to determine such other terms and conditions as the Board may think

fit and proper. Registration is granted only on payment of such fees and subject to compliance of the other directions.

Right to property—is the concept applicable

An owner of a copyright indisputably has a right akin to the right of property. It is also a human right. Now, human rights have started gaining a multifaceted approach. Property rights vis-à-vis individuals are also incorporated within the “multiversity” of human rights. As, for example, any claim of adverse possession has to be read in consonance with human rights. [**** referred to *Beaulane Properties Ltd. v. Palmer*⁷⁴, *Pye (JA) (Oxford) Ltd. v. Graham*⁷⁵, *P.T. Munichikkanna Reddy v. Revamma*⁷⁶ and *Peter Smith v. Kvaerner Cementation Foundations Ltd.*⁷⁷ and continued]. But the right of property is no longer a fundamental right. It will be subject to reasonable restrictions. In terms of Article 300A of the Constitution, it may be subject to the conditions laid down therein, namely, it may be wholly or in part acquired in public interest and on payment of reasonable compensation.

Public interest—public policy

What would be a public interest? Would it depend upon the facts and circumstances of each case and the provisions of the statute? General meaning of the word “public policy” has always been held to be an unruly horse by this Court. [**** referred to *Gherulal Parakh v. Mahadeodas Maiya*⁷⁸ and *Devinder Singh v. State of Punjab*⁷⁹ and continued.]

The right to property, therefore, is not dealt with its subject to restrict when a right to property creates a monopoly to which public must have access. Withholding the same from public may amount to unfair trade practice. In our constitutional scheme of statute monopoly is not encouraged. Knowledge must be allowed to be disseminated. An artistic work if made public should be made available subject of course to reasonable terms and grant of reasonable compensation to the public at large.

Royalty and compensation

Are the terms “royalty” and “compensation” not synonymous? “Royalty” means the remuneration paid to an author in respect of the exploitation of a work, usually referring to payment on a continuing basis (e.g. 10 per cent of the sale price) rather than a payment consisting of a lump sum in consideration of acquisition of rights. It may also be applied to payment

74. (2005) 3 WLR 554; 2005 EWHC 817 (Ch).

75. (2003) 1 AC 419; (2002) 3 WLR 221; (2002) 3 All ER 865 (HL).

76. (2007) 6 SCC 59; AIR 2007 SC 1753.

77. 2006 EWCA Civ 242.

78. AIR 1959 SC 781; 1959 Supp (2) SCR 406.

79. (2008) 1 SCC 728; AIR 2008 SC 261.

to performers.⁸⁰ The word “compensation”, however, must have been used keeping in view the fact that if it is a statutory grant; it is a case of statutory licence. We are not unmindful of the fact that in cases of other statutory licences, the word “royalty” has been used. Even the word “usually” has been used. Mr Divan himself has referred to Rule 11A and Form 11A appended to the Rules of 1958. Clauses (10) and (11) of the Form which have validly been made used the word “royalty”.

10. Rate of royalty, which the applicant considers reasonable, to be paid to the copyright owner.

11. Means of the applicant for payment of the royalty.

The legislature therefore for all intent and purport equates “compensation” with “royalty”. In the context of the Act, royalty is a genus and compensation is a species. Where a licence has to be granted, it has to be for a period. A “compensation” may be paid by way of annuity. A “compensation” may be held to be payable on a periodical basis, as apart from the compensation, other terms and conditions can also be imposed. The compensation must be directed to be paid with certain other terms and conditions which may be imposed. [**** discussed the use of marginal note and continued.]

Parliamentary intent

The intention of Parliament, it is trite, must be ascertained from the plain reading of the section. The intention is to treat works, which have been “withheld from the public” differently from the “right to broadcast”. The right to broadcast is an ephemeral right. It requires special treatment as it confers upon every person, who wishes to broadcast a work or the work recorded in a sound recording, the right to do so is either by entering into a voluntary agreement to obtain a licence on such terms which appear to be reasonable to him or when the term appears to be unreasonable to approach the Board. We wish the statute would have been clear and explicit. But only because it is not, the courts cannot fold its hands and express its helplessness. When such a complaint is made, it confers the jurisdiction upon the Board. It may ultimately allow or reject the complaint but it cannot be said that the complaint itself is not maintainable.

Interpretation of Section 31(2)

This takes us to the interpretation of Section 31(2). It is attracted in a case where there are more than one applicants. The question of considering the respective claim of the parties would arise if they tread the same ground. The same, however, would not mean that only one person is entitled to have a licence for all time to come or for an indefinite term

80. See, J.A.L. Sterling, *World Copyright Law* (2nd Edn.).

even in perpetuity. A licence may be granted for a limited period; if that be so another person can make such an application. Sub-section (2) of Section 31 would lead to an anomalous position if it is read literally. It would defeat the purport and object of the Act. It has, therefore, to be read down. Purposive construction therefore may be resorted to.

[***** referred to *New India Assurance Co. Ltd. v. Nusli Neville Wadia*⁸¹; Aharon Barak, *Purposive Interpretation in Law* (2007) 8; *Bharat Petroleum Corpn. Ltd. v. Maddula Ratnavali*⁸² and continued.]

The provisions of the Act and the rules in this case, are, thus required to be construed in the light of the action of the State as envisaged under Article 14 of the Constitution of India. With a view to give effect thereto, the doctrine of purposive construction may have to be taken recourse to.⁸³ Furthermore, the court while interpreting a statute will put itself in the armchair of the reasonable legislature, all statutes must be presumed to be reasonable. It is now a trite law that literal interpretation should be avoided when it leads to absurdity. If it is to be held that once the compulsory licence is granted in respect of a sound recording, the Board loses its jurisdiction for all time to come, it will lead to an absurdity. The statute does not contemplate such a position. The statute on the one hand not only in terms of General Clauses Act but also having regard to the individual complaints which a person may have as regards the unreasonableness of the terms impose upon him by the owner of the copyright must be held to be entitled to approach the Board as and when any cause of action arises therefore. It therefore must be held that sub-section (2) of Section 31 is relatively directed to clause (a) and not clause (b). [***** referred to *Indian Administrative Service (S.C.S) Assn. v. Union of India*⁸⁴ and continued.]

In this case, however, the meaning of the statute is neither clear nor sensible. It is a statute where a purposive construction is warranted. It is a case where sub-section (2) should be kept confined to clause (a) for that purpose. The statute has to be read down. It is not a case of improper interpolation so as to take away a primary purpose of the legislative intent. It is expedient to give effect to the intent of the statute. This itself says that creases can be ironed out. While undertaking the said exercise, the court's endeavour would be to give a meaning to the provisions and not render it otiose. We are, therefore, of the opinion that Section 31(2) refers to case falling under clause (a) of sub-section (1) of Section 31 and not clause (b) thereof. [***** discussed the principles of valuation and the discretionary jurisdiction and continued.]

81. (2008) 3 SCC 279; AIR 2008 SC 876.

82. (2007) 6 SCC 81.

83. See, *Oriental Insurance Co. Ltd. v. Brij Mohan*, (2007) 7 SCC 56; AIR 2007 SC 1971.

84. 1993 Supp (1) SCC 730.

Conclusion

As it was a case of abuse, the Board had the jurisdiction to entertain any application for grant of compulsory licence. How far and to what extent appellant has infringed the right of the respondent is a matter which may be taken into consideration by the Board. A suit was filed and injunction was granted. Apart from the fact that the appellant offered to take a licence, held negotiations with the respondents in the suit as soon as it came to know that Super Cassettes is not a member of PPL, it gave an undertaking. Each case must be considered on its own facts. However, we do not approve the manner in which the Board has dealt with the matter. It has refused to examine the witnesses. It took up the matter on a day for hearing which was fixed for production of witnesses. We, therefore, are of the opinion that the order of the Board should be set aside and the matter be remitted to the Board again for the consideration of the matter afresh on merit.

These appeals are allowed with the aforementioned directions. In the facts and circumstances of the case, the parties shall pay and bear their own costs.

POINTS FOR DISCUSSION

1. Discuss the principles applied by the Court in justifying grant of compulsory licence.
2. Do you think that there is a distinction between Section 31(1)(a) and (b)?
3. Do you consider the interpretation of the Court to separate Section 31(1)(a) and (b) correct?
4. Discuss the interpretation given by the Court to the term "refusal".
5. Do you think that the legislative intent of Section 31(2) is to facilitate multiple licensing only in case of broadcasting as interpreted by the Court?
6. Discuss the changes introduced in Section 31 by the Copyright (Amendment) Act, 2012 in the light of the interpretation given by the Court.
7. What are the justifications behind issuing of compulsory licences? Is this decision justifiable in view of the purpose behind the compulsory licensing provision?
8. Discuss the relevance of compulsory licence to broadcasting under Section 31 in the light of the new Section 31D on statutory licence for broadcasting.
9. Find out the distinction between compulsory licence and statutory licence.

EXERCISE

Compare and contrast the judgments of *Super Cassettes Industries Ltd. v. Entertainment Network (India) Ltd.*, (2004) 29 PTC 8 (Del) and *Phonographic Performance Ltd. v. Music Broadcast (P) Ltd.*, (2004) 29 PTC 282 (Bom).

Statutory licence

Sections 31C and 31D are the new provisions dealing with statutory licences, introduced into the Copyright Act in 2012. Section 31C dealing with statutory licence for cover version replaced Section 52(1)(j) of the Act, which created much controversy. This provision was intended to facilitate access to recorded works at an affordable cost. This also resulted in encouraging new talents in the field of music and also industrial activity in the field of music recording. One of the reasons for the emergence of the strong version recording industry in India is attributed to this provision. The new technological innovations in the recording industry resulted in conflict of interest between the copyright owners and the version recording industry. This, in fact, led to diverse interpretations of this section by the Indian courts, resulting in the amendment. Section 31D is introduced to solve some of the problem of access to literary, musical and sound recording created by the emergence of strong broadcasting industry in India and the consequential judicial interventions.

EXERCISE

1. *Gramophone Co. of India Ltd. v. Super Cassette Industries Ltd.*, (1995) 1 Arb LR 555; (1996) 16 PTC 252; 1995 PTR 64 (Del).
2. *Gramophone Co. of India Ltd. v. Mars Recording (P) Ltd.*, (2002) 2 SCC 103; AIR 2001 SC 2885; (2001) 21 PTC 681.
3. *Super Cassette Industries Ltd. v. Bathla Cassette Industries (P) Ltd.*, (2003) 27 PTC 280 (Del).

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1. Elizabeth Adency, "Moral Rights/Statutory Licence: The Notion of Debasement in Australian Copyright Law" (1998) 9 AIPJ 21.
2. Madeline Berg, "Moral Rights and the Compulsory Licence for Phonorecords" (1980) 12 IPLR 411.
3. Sidney A. Diamond, "Copyright Problems of the Phonorecord Industry" (1961) 8 BULL CR SOC 337.

Compulsory licence under patent

One of the most controversial areas in the field of patent law is the grant of compulsory licence. Ever since the adoption of Paris Convention for

the protection of patent in 1883, countries followed different approaches to ensure that the invention for which the patent was granted actually worked in the country.⁸⁵ Even though India was not a party to the Paris Convention till 1999, the provisions relating to grant of compulsory licence in our law to make the patent work in India was more in line with the provisions of Paris Convention. However, Article 27 of the TRIPS Agreement considerably curtailed the grant of compulsory licenses on the ground of non-working of the patents locally.⁸⁶

Our law also contained a licence of right provision for process patent granted to drugs which was removed by the 2005 Amendment to satisfy the TRIPS obligations. Article 31 of the TRIPS Agreement added more conditions to the grant of compulsory licence which resulted in considerable concern regarding the use of these provisions to meet emergency particularly in case of medicine. This resulted in the Doha Declaration on the TRIPS Agreement and Public Health⁸⁷ clarifying the scope of the provisions in TRIPS. The Doha Declaration also addressed the issue of granting compulsory licence to provide pharmaceuticals for countries with insufficient or no manufacturing capabilities.⁸⁸ The Indian law is amended to make use of these provisions.⁸⁹ We are yet to see any litigation in these areas. The first compulsory licence was issued by the Controller to Natco in 2012 for a patent on pharmaceutical product of Bayer and on appeal, the Intellectual Property Appellate Board (IPAB) upheld the compulsory licence.

BAYER CORPN. v. UNION OF INDIA

OA/35/2012/PT/PTIMUM, decided on 4-3-2013 (Mad)

HON'BLE SMT. PRABHA SRIDEVAN

"Compulsory licence" is not an unmentionable word. It is found in our Patents Act. Under a different name, it was there in the TRIPS

85. Under Art. 5 of the Paris Convention, if a patent is not worked within the patent granting country, that member country's government is authorised to enact a legislation permitting that government to issue compulsory licence to firms desiring to use the patent in that country.

86. The relevant portion of Art. 27.1 of the TRIPS Agreement reads:
... Subject to para. 4 of Art. 65, para. 8 of Art. 70 and para. 3 of this article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.

87. Available at <http://www.wto.org/english/thewto_e/minist_e/mino1_e/mindecl_trips_e.htm>.

88. *Ibid.*, para. 6.

89. See e.g., S. 92-A inserted by the Patents (Amendment) Act, 2005 providing for compulsory licence for export of patented pharmaceutical products to countries having insufficient or no manufacturing capacity in pharmaceutical sector.

(Trade-related Aspects of Intellectual Property Rights) too where it is called, "Other use without authorisation of the right holder". It has been there even in the Paris Convention of 1883 "to prevent abuse which might result from the exercise of exclusive rights". The TRIPS Agreement did not give a *carte blanche* to the members in the grant of compulsory licence but it hedged this "other use with sufficient conditions and authorization of this use would be considered only on a case to case basis of individualness". This appeal challenges the compulsory licence ordered by the Controller-General.

Patent rights were created "not in the interest of the inventor, but in the interest of the national economy", says the Report on the Revision of Patents Law by Shri Justice N. Rajagopala Ayyangar (in short, "Ayyangar Report"), quoting from Michel on Principal National Patent Systems. The report also quotes from Patents and Designs Amendment Bill which says that the monopoly is granted to the benefit of trade and industry to enlist the cooperation of the capitalist in this endeavour to bring in new invention. The Code of Federal Regulations of US says that "patent by its very nature is affected with the public interest". Therefore, we have to understand the perspective from which the Chapter of Compulsory Licence was introduced and is still there in the Patents Act, 1970 as amended by the Patents (Amendment) Act, 2005. The Ayyangar Report is the document we refer to when a question of importance arises. It says, "There is no uniformity in the economic problems which confront different countries at any time or even the same country at different periods of its history and account has therefore to be taken of the actual conditions in the matter of devising the precise adjustments which are needed to rectify the imbalance which the patent system is apt to produce if left uncontrolled."

In this case, several very important questions of pure law arise. The facts are relevant but we will deal with the facts very briefly. The drug for which the patent was granted is marketed by the appellant under the name, Nexavar, but the drug is Sorafenib Tosylate. It is said to be a palliative drug for patients suffering from Renal Cell Carcinoma (RCC) and Hepatocellular Carcinoma (HCC) at stage IV. US Patent was filed on 13-1-1999. PCT application was filed on 12-1-2000. The date of National Phase entry is 5-7-2001. The patent was granted on 3-3-2008 (Patent No. 215758). The appellant obtained all the statutory approvals in India in January, 2008. Before applying for a compulsory licence, an applicant should approach the patentee for the grant of a licence. This is a *sine qua non* for exercise of the powers of the Controller in this regard. The third respondent addressed a letter on 6-12-2010. It was stated to be in compliance with this statutory requirement. The appellant filed C.S. No. 1090 of 2011 on 5-5-2011 before the Hon'ble Delhi High Court against the third respondent herein for infringement of its patent. It had earlier filed

C.S. No. 523 of 2010 against CIPLA Limited for infringement. CIPLA's presence and the relevance thereof will be dealt with by us later. The third respondent herein applied for compulsory licence on 28-7-2011 and it was granted. This appeal is against that order. Pending this appeal, the appellant had asked for stay which was not granted by us.

Learned Senior Counsel Mr P.S. Raman appearing for the appellant submitted that the compulsory licence order was vitiated by several errors:

- (i) Under Section 87(1) where the Controller should have arrived at prima facie satisfaction that a case has been made out, notice was not given to the appellant herein which is a grave miscarriage of justice;
- (ii) The compulsory licence application is not supported by any evidence;
- (iii) The appellant had sought for adjournment to enable the invention to be worked to the fullest extent and this was not granted which is against the law;
- (iv) While deciding whether the reasonable requirement of the public has been satisfied, the Controller ought to have taken into reckoning the presence of other player, CIPLA (not before us) and the supply made by CIPLA and by totally ignoring its presence, injustice has been caused;
- (v) The Controller ought to have ascertained what is the reasonable price and thereafter, decided the issue of granting compulsory licence; and
- (vi) The Controller was in error in concluding that the manufacture in India was necessary to meet the "working" requirement under Section 84(1)(c) of the Act.

The learned Senior Counsel also referred to the conduct of the third respondent in not mentioning the presence of CIPLA in its application which was a relevant fact and in contending that it had obtained a process-patent for manufacturing the invented product, which it had not. According to the learned Senior Counsel, these two factors disentitle the third respondent from obtaining compulsory licence. The Controller was in error in not taking note of Patient Assistance Programme (PAP) which is a relevant factor for deciding whether the reasonable requirement of the public had been met. It was submitted that this provision was a discretionary power granted to the Controller under certain circumstances laid down in the Act and not a penal provision. Finally, the learned Senior Counsel submitted that even assuming without accepting that compulsory licence ought to have been granted, the manner in which the terms and conditions were fixed was totally arbitrary. [*****]

The next ground raised by the appellant is that the letter dated 6-12-2010 issued by the third respondent which is allegedly in compliance of Section 84(6)(iv) is not a genuine attempt. The compulsory licence applicant must make an effort to obtain the licence from the patentee on reasonable terms and conditions. According to Mr. P.S. Raman this letter was more in the nature of a notice or threat and was not really a request for the grant of licence on terms and conditions. According to the learned Senior Counsel, had the third respondent been serious about his application for grant of licence, it would have made a real effort. Learned Senior Counsel submitted that the appellant's reply left the door open for negotiation. The third respondent had not availed of this. Therefore, no reasonable efforts have been made by the third respondent prior to the compulsory licence application.

According to the learned counsel appearing for the third respondent, the letter addressed by the third respondent to the appellant was sufficient compliance. The refusal by the appellant was clear and therefore, there was no purpose in making any further efforts to obtain voluntary licence.

Learned Controller had in this regard held that the third respondent could not have taken any further efforts for the grant of voluntary licence and that therefore, the requirements of Section 84(6)(iv) were satisfied. The appellant had stated in the reply, "In view of what has stated above, our client does not consider it appropriate, to grant voluntary licence to manufacture and market the product." The section requires the Controller to take into account whether 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 the reasonable period as the Controller may fix. In the letter dated 6-12-2010, the third respondent had approached the appellant and written that "we understand that the cost of therapy per month for the said drug as sold by you works out to about ₹2,80,000 and ... most of the patients are from the low and middle income groups that can seldom afford such expensive drug". The letter stated that the access to the treatment of cancer is denied "particularly due to the high pricing of the product". The third respondent wrote that they would be in a position to make the product available to the public in India at a cost of less than ₹10,000 for one month and that at such price, even the Government Agencies would come forward to offer financial assistance to the patients and in this context, they applied for licence for the manufacture and marketing of Nexavar so that protection of public health is not impeded due to the present high price. They finally requested for the "grant of a voluntary licence to us to manufacture and market the product on such reasonable terms and conditions which would not prevent us from making the drug available to the public at the affordable price as projected above". We must also record here that

this request for voluntary licence was made without prejudice to their right to attack the patent.

To this, the appellant/respondent by letter dated 27-12-2010 denied everything stated in paragraph-1 and stated that the third respondent must appreciate the backdrop of the huge sums invested by the appellant in Research and Development before working out the cost of the patented product. The appellant thereafter gave rough figures of their investment. They denied that they had failed to meet the fundamentals of the Patents Act and they said that "the demand for drug covered by our client pattern is being met to an adequate extent ...". They denied that Nexavar was not available to the patients in India at affordable price. They denied that the invention covered by the patent is not being worked effectively. They said that as long as their patent is in force, the entry of generic version is legally prevented and they denied that the reasonable requirement of patients suffering from renal cancer is not met. As far as the cost suggested by the third respondent is concerned, the appellant stated that the third respondent may offer to manufacture the product at a cost less than ₹10,000 since they had not spent any resources in R&D. Therefore, according to the appellant, it was in full compliance of the requirements of the patent law with regard to the reasonable requirement, availability at a reasonably affordable cost, working of the patented invention in India. It is stated in the reply that "Your company is not able to make out a case for the grant of voluntary licence to manufacture and market the product Nexavar. Therefore, our client does not consider it appropriate to grant voluntary licence to manufacture and market the product Nexavar to NATCO." There was a tailpiece to the effect that as per the Act, the third respondent may take action within 14 days from the date of receipt of this letter.

We find from a reading of the two documents, viz., the letter and the response that the third respondent who is the compulsory licence applicant had stated what according to it was a reasonable cost. The letter stated that ₹2,80,000 was not accessible to a large number of patients for whom the drug is meant and that they were willing to make available the drug at less than ₹10,000 per month if the appellant would grant licence. The appellant calls this letter more in the nature of a threat than a real request. We find that the third respondent had stated that the price at which it would offer the drug was less than ₹10,000. On these terms, NATCO applied for voluntary licence. It is true that the letter spells out three conditions for the grant of licence in paragraph-6 and states that because of the prohibitory high cost, these three conditions are not satisfied, but yet, the offer had been made. The appellant on its part had understood the tenor of the letter. According to the appellant it had satisfied all the requirements of law. If there was a veiled threat, it was met equally by a veiled answer.

If the appellant thought that less than ₹ 10,000 was not a bargaining point, all that it should have stated was that there was some room for negotiation. But, the response did not indicate that, instead it clearly indicated that the appellant did not consider it appropriate to grant voluntary licence. Therefore, the offer was made and it was rejected. The third respondent is not required to make another request when its efforts had failed. The law does not require that. On a consideration of these two documents, the Controller was of the view that the third respondent had made an effort but it could have been "more humble in writing and not hurting the sensibility" of the patented persons. They are after all rivals in business and we do not think there would be room for such sensibilities. The requirement of law was fully met and we reject this ground. [****]

Before going into the merits of the matter, we return to the Ayyangar Report. It is true that this report was before TRIPS Agreement, but it has not lost in its significance a whit. Whenever a question arises in regard to patents we will learn much if we read it. The Ayyangar Report quotes from *Edith Penrose's Economics of International Patent System* and says that, "Any country must lose if it grants monopoly privileges in the domestic market, which neither improve, nor cheapen the goods available, nor develop its own productive capacity, nor obtain for its producers at least equivalent privileges in other markets." We also have the relevant provisions of international conventions. Article 27(1) protects the patented right without discrimination as to the place of invention, the field of technology and whether the products are imported or locally produced. Article 30 provides limited exceptions to exclusive rights conferred by a patent provided they do not unreasonably conflict with the normal exploitation of the patent, taking into account the legitimate interest of third parties. Article 31 of TRIPS deals with other use without authorisation of the right holder and lists the provisions which shall be respected while authorising such use. Next, Article 5 of the Paris Convention says that the importation by the patentee into the country where patent has been granted ... shall not entail forfeiture of the patent. Article 5A(4) deals with compulsory licence. We also refer to the Doha Declaration which addressed the difficulties which members with insufficient or no manufacturing capacity in the pharmaceutical sector could face in making effective use of compulsory licensees under the TRIPS Agreement. We have also seen that the members affirmed their full right to use the TRIPS flexibilities in this regard especially in connection with the members' right to protect public health and in particular, to promote access to medicines for all. This then is the running theme; public health and access to medicine, a facet of right to life.

[**** The IPAB after elaborating Section 83 of the Patents Act, 1970 continued.]

We must particularly note from the above:

- = that patents are not granted for an import monopoly of the patented article and,
- = the grant of patent shall not impede protection of public health and,
- = the grant of patent must balance the rights and obligations and finally,
- = it must make the benefits of patented invention available at reasonably affordable price to the public.

We cannot ignore these markers when we decide the appeal. [****]

According to the learned Senior Counsel for the appellant, the Controller General's reasoning regarding the reasonable requirement or adequate supply is flawed. Learned Senior Counsel submitted that one should take note of the nature of invention. This drug is only a palliative drug and it does not cure cancer and it keeps the quality of life at a reasonable level. The number of patients afflicted by this kind of cancer is not high and the market penetration is not easy and the appellant cannot market its product without complying with all statutory requirements. The appellant had to assess the public requirements. The appellant would have to convince the Oncologists about the merits of the medicine. The market approval was given only in January, 2008 and the appellant had only three years to work the invention. Considering the nature of invention and the number of patients and the presence of other medicines, the period given to the appellant under statute is not enough. Learned Senior Counsel submitted that if supplying the drug had been easy, the third respondent (NATCO) should have addressed the requirements completely in one year while in two years what was covered by the third respondent was only 44 per cent of the patient pool. The reasonably affordable price should be fixed taking into account all the factors, and socio-economic conditions are not the only parameters. The affordability has to be decided considering the nature of the product and reasonably affordable price should be fixed taking into account the price at which the appellant can sell the product considering the expenditure incurred by them. The Controller had not considered the comparative data of other pharmaceutical drugs. The Controller had not taken into account specifically that palliative drug would take a long time to make an inroad. The appellant had an effective Patient Assistance Programme (PAP) which would satisfy the requirements of making it available to the public reasonably. [****]

For the grant of compulsory licence, the applicant should show and satisfy the Controller 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 invention has not been worked in India. The reasonable requirements of the public would not be deemed to have been satisfied, if

the patented invention was not being worked in the territory of India on a commercial scale to an adequate extent or on reasonable terms and was not being so worked to the fullest extent that is reasonably practicable [vide: Section 84(7)(d)]. The failure to meet the demand on reasonable terms must logically mean both quantity and price. The Controller has considered the Form-27 filed by the appellant. We have already extracted the crucial paragraphs from the affidavits of Dr Manish Garg and others. All of them have deposed that this price is reasonably affordable one for the inventor. In none of the affidavits the deponents had considered the perspective of reasonable affordability from the public eye *i.e.* the patients' view. All that they would say is that the process of drug invention is long drawn and expensive, and that several trials and experiments must be made at the laboratory for hours together before the drugs are successfully launched and many of the experiments would end up in failure and loss. Therefore, they had spent huge amounts in Research and Development for invention and considering this, they fixed the price which accordingly, is reasonably affordable.

When we look at the Act, it states that the invention must be available to the public at a reasonably affordable price and if not, compulsory licence can be issued. As we have already observed, sub-sections (a), (b) and (c) of Section 84(1) are separated by the disjunctive "or" and therefore, even if one condition is satisfied, the Controller will be well within his rights to order compulsory licence. The price at which the appellant sells the drug is ₹2,80,000 per month. Before the Controller, two papers were shown for determining the affordability of the drug. One Mr James Love, Director, Knowledge Ecology International also gave evidence. In fact, we have considered this affidavit in our order dated 14-9-2012 refusing to grant stay. This affidavit refutes the R&D costs claimed by the appellant. The R&D costs and the prices of other drugs do not assist in deciding what the public can afford reasonably.

The reasonably affordable price necessarily has to be fixed from the viewpoint of the public and the word, "afford" itself indicates whether the public can afford to buy the drug and therefore, we must consider this question from the viewpoint of whether ₹280,000 per month is reasonably affordable price to the public. All the evidence filed by the appellant; the affidavits, the reports, etc. relating to the cost are not relevant to decide what the public can reasonably afford. The Controller was satisfied that the "reasonably affordable price" has to be construed with reference to the public. The appellant has taken the stand that the statistics given by the respondent regarding the number of patients and the requirements cannot be accepted in full. Even if we take the appellant's own number, we find that the supply made by it cannot be said to be adequate and the price definitely is the factor that will determine whether the public will reach out for a particular invention. The Act also

refers to the working of invention on a commercial scale and if the invention is not worked in the territory of India on a commercial scale to an adequate extent, then, the deeming provision of Section 84(7) will come into play. We will decide the question whether "working" means "local manufacture" later.

But, even assuming that we accept the case of the appellant in total that import will completely satisfy the working requirements, this import must be on a commercial scale to an adequate extent and sold at a reasonably affordable price. The appellant submitted that the conditions in sub-sections (a), (b) and (c) of Section 84(1) cannot be strictly set apart and one will cast a shade on the other. If there is no working, then reasonable requirements will not be satisfied. If the price is not affordable then, again, the reasonable requirements cannot be satisfied. If it is not worked on a commercial scale, then again, the Act says that the reasonable requirements would not be deemed to be satisfied. The words, "commercial scale" are also used in Section 83(a) and the subsidised programmes that the appellant has which would depend upon certain conditions being fulfilled will not constitute "working the invention on a commercial scale". These programmes are at the discretion of the appellant and not the market price. Nor are the insurance schemes relevant. The R&D costs cited are neither particular to the drug nor to India. Anyway what we have to look at is the market price of the patented invention; the price at which the invention is made available to the public which in the instant case is ₹2,80,000 per month. We repeat that the law requires us to see whether the patentee has made available the invention to the general public at a reasonably affordable price.

The Controller has held that the philanthropic proposals cannot be taken into account while construing the expression, "working the invention on a commercial scale to an adequate extent". Of course, he has referred to this in the context of the request for adjournment. The Patient Assistance Programmes may be welcome, but it will not satisfy the requirements of Section 84 which is only concerned with the price at which the drug is made available to the public. Section 84(6) deals with what the Controller should take into account. They include the nature of the invention and the time that has elapsed since the grant of patent and the measures already taken by the patentee to make full use of the invention. The Controller must consider the compulsory licence applicant's ability to work the invention. He must also consider the applicant's capacity to undertake the risk in providing capital and working the invention and whether the applicant has made efforts to obtain a licence from the patentee on reasonable terms and conditions. But, the Controller shall not be required to take into account the matters subsequent to the making of the application. In this case, the appellant had brought to the notice of the Controller that there are Patient Assistance

Programmes and the Controller considered the same and held that he should not take into account that because this clause in the section requires him not to take into account the matters subsequent to the making of the application.

According to him, the intention of the legislature appears to be that subsequent measures by the patentee to frustrate the proceedings shall not be considered. This may not be right. If hypothetically the appellant had brought down the market price permanently to a reasonably affordable cost from the public point of view, that could not be said to be a measure frustrating the proceedings. After all, the compulsory licence procedure itself is only in public interest. Therefore, any manufacturer who, in order to market or make available the product, slashed down the price and making it available to the public to an adequate extent at a price which the public would reasonably afford, that cannot be said to frustrate the proceedings. Here we are not concerned with the interest of the compulsory licence applicant, but only the public interest. The grant of compulsory licence is not to favour the applicant, but only because the applicant has demonstrated that the invention has not reached the public in the manner envisaged under Section 84. Therefore, though the Controller's conclusion is right, the words at the end of Section 84(6) are not an absolute taboo to prevent the inventor from bringing down the price and making his invention available to the public. We have already referred to the paragraph from the Ayyangar Report with regard to non-working and that the provision relating to non-working has been introduced to ensure that the patentee has given necessary technical information to work the patent so that the patent is not revoked. Therefore, we must bear in mind that these proceedings are in public interest; they are neither against the inventor, nor in favour of the compulsory licensee. As we have observed earlier, the patents are granted only to benefit the public and the public must get the benefit from the invention and it hardly matters whether the invention is made easily available on a reasonably affordable price by the patentee himself pending the proceedings so long as the Controller is assured that the high price will not be restored. Here the appellant has not done that.

We also gain support from Section 94 which refers to termination of compulsory licence. It is possible for the patentee to make an application under Section 94 that circumstances that gave rise to the grant of the compulsory licence have ceased to exist and are not likely to recur. This means the patentee himself may permanently make the invention available to the public at a reasonably affordable price. If even after the grant of licence, the patentee has the right to move the Controller then, definitely pending proceedings, he can show that the price has been reduced and the restoration of the earlier price is not likely to happen. The Controller was right in holding that the sales of the drug by the

appellant at the price of about ₹280,000 was alone relevant for the determination of public requirement and he was also right in considering the purchasing capacity of the public and the evidence available to conclude that the invention was not reasonably affordable to the public.

Submissions were made that with regard to palliative drugs one cannot enter the market easily and the market penetration is difficult and unless the patentee convinces all the Oncologists, they will not prescribe the patented invention to their patients any further and there are rival drugs in the market and that should also be taken into consideration. Law does not provide for the grant of compulsory licence soon after the patent is granted. It allows for a gestation period, that is, three years. The lawmakers in their wisdom have thought that three years would be sufficient for an inventor to work his invention in the territory of India and make the supply meet the demand at a reasonably affordable price. Law has also allowed for a further one year if the inventor demonstrates that for any reason the time so granted has been insufficient to enable the invention to be worked on a commercial scale and for that, a grace period of 12 months in aggregate is provided under Section 86.

In this case, we find that the appellant has taken very contradictory stands. In Form-27, the appellant is fully satisfied that the public requirement has been met to the fullest extent at a reasonable price. We see from the Form-27 before us, the appellant has only taken into consideration the sales made by the appellant. Yet the appellant argued that CIPLA sales must be included to prove adequate supply. In the Form-27 filed in 2010 we also see that the appellant was fully aware of the difference between what is meant by commercial sales and what is meant by patient support sales because it is stated therein that there was no import of sales packs, but only sample of Nexavar patient support packs were imported. Therefore the appellant had not "worked" the invention on a commercial scale even if "import" alone would satisfy the working condition.

We must also examine what is meant by commercial sales. What we are concerned is whether it is made available to the public or the sales made by the appellant at ₹280,000 that is, commercial sales, that is, market price, that is, supply which the appellant makes to the public, meet the requirements or show working or reasonableness. In the year 2010, not one pack of commercial sales unit has been imported. It is, in this context, the Controller had denied the request for adjournment under Section 86. Section 86 requires the patentee to demonstrate that the patentee has taken with promptitude adequate reasonable steps to start working of the invention in the territory of India on a commercial scale and to an adequate extent. The appellant has got licence for import and marketing the drug on 1-8-2007. The appellant had also got the licence from the Directorate General of Health Services to import and market the drug on 22-1-2008. The Controller had held that assuming

that the actual permission to import and market the drug was given on 22-1-2008, the patentee's conduct of not importing the drug till 2008 and importing in small quantities in 2009 and 2010 is beyond explanation. [*****]

Next, we come to the question whether the patented invention has been worked in the territory of India. According to the appellant, attempting to construe local working in the sense of local manufacturing would be beyond the scope of the Patents Act. According to the learned Senior Counsel, the intent of the legislature was clear from the fact that the phrase, "manufacture in India" was deleted from erstwhile Section 90 of the Patents Act in the year 2002 which is now Section 84(7) of the Patents Act, thus, negating the requirement of local manufacture in order to make it consistent with Article 27(1) of TRIPS Agreement. According to him, the quantity required in India does not economically justify the setting up of a manufacturing facility in India and that due to the low volume of sales, the drug may be manufactured on contract manufacturing basis through other manufacturers who are experts in manufacturing the drug. According to the respondent, however, the word "working" should be read in the context of principles stipulated in Section 83(a) and (b) of the Act and with reference to the debates in the Lok Sabha and in the Ayyangar Report, paragraph-30, this question is considered and it states that "the imported product might be cheaper, but even if the cost of the article manufactured in the country might be considerably higher, it might in the long run prove an advantage to the national economy and it finally says that the costs to an underdeveloped country where a patent is worked wholly abroad far exceed any possible gains in any such exchange". The report also quotes from Floyd L. Vaughan who says speaking of the position of patents in America that it would be "contravention of patents law and economic injustice to the American manufacturer to allow a foreigner to take out a patent in this country merely for the purpose of reserving United States as a market for his patented product which is manufactured abroad exclusively". This report, of course, is prior to TRIPS Agreement, but it is still amazingly relevant. We must read the international conventions and our own law harmoniously. In this regard, the Controller, while referring to Paris Convention, Article 5A(1), observed that when the convention provides that importation of patented articles by the patentee shall not entail forfeiture of the patent and that would seem to suggest that importation could entail something less than forfeiture, such as compulsory licence. He has also noted that the term "working" has not been defined in the Paris Convention and it has been left to the legislatures of the member countries to construe the same in the manner conducive to their socio-economic requirements.

The Act as it stands today uses both the words "working" and "import" in various sections at the same time and not

synonymously, notwithstanding the deletion of "manufacture in India" from Section 84(7)(e) which originally read as "if by reason of default of the patentee to manufacture in India" and from Section 84(7)(a)(ii) which had the words, "manufacture in India". Section 83(b) says that the patents are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented articles. Section 83(c) refers to transfer and dissemination of technological knowledge. Section 84(7)(a)(iv) refers to establishment or development of commercial activities in India being prejudiced. Section 84(7)(e) speaks of working of invention being prevented or hindered by the importation. Section 84(7)(e) which refers to the working of invention in the territory of India and importation from abroad of the patented articles, clearly indicates different activities. In a given case there may be an invention which cannot be manufactured in India and it is also possible that there is an invention where the reasonable requirement of public itself is small in number and setting up a factory just for the said purpose is not practicable.

As we have already seen, TRIPS says that the authorisation and other uses must be dealt with on a case-to-case basis. Therefore, we cannot decide that "the working" totally excludes import, or that "working" is synonymous to "import" and that if there is no manufacture in India, then there is no working. The repeated use of the words, "in the territory of India" does indicate local working, but as the Controller has observed, the word "working" has not been defined. The prohibition of discrimination in the grant of patent under the international conventions which bar forfeiture of patent for not manufacturing locally will not come in the way of the Controller granting a compulsory licence. The Controller has rightly held that it is the ultimate step of revocation of patent which is barred. In the present case, the patent had been granted and no discrimination has been made on the ground of absence of local manufacture. The third respondent had submitted that the appellant has a manufacturing facility in India and therefore, it could have manufactured the invention in India. According to the appellant, it was not economically feasible to set up a facility in India for manufacturing the drug. We have earlier extracted the statement of appellant which is to the effect that it could have got it manufactured through others. In any event, we are not furnished with any evidence regarding this aspect, viz. whether the appellant in its facility in India, which admittedly the appellant does not deny, could not have manufactured this drug. So, with regard to Section 84(1)(c), we find that the word "worked" must be decided on a case-to-case basis and it may be proved in a given case, that "working" can be done only by way of import, but that cannot apply to all other cases. The patentee must show why it could not be locally manufactured. A mere statement to that effect is not sufficient, there must be evidence. Therefore, while we are of the opinion that the word

“worked” has a flexible meaning, and to that extent we differ from the Controller. The appellant has not proved working and so his conclusion is right. Working cannot mean that the requirement of working would be satisfied by having import monopoly for all patented inventions. We also look at Section 84(7)(iii) which says that the reasonable requirements of public shall be deemed not to have been satisfied if a market for export of the patented article manufactured in India is not being supplied or developed. Therefore, “working” could mean local manufacture entirely and “working” in some cases could mean only importation. It would depend on the facts and evidence of each case. The appellant therefore fails the test of Section 84(1).

According to the appellant, the terms and conditions were fixed in an arbitrary manner and it is a clear violation of mandatory requirements of Section 90. The Controller on the basis of the materials before him was of the opinion that ₹8,000 was a reasonably affordable price. There is no evidence to the contrary. Now we come to the royalty issue. It is submitted that the second respondent had not factored in the cost that the appellant incurred which should have been under Section 90. According to the appellant, the Controller should have added a fixed amount based on sale of each pack by the third respondent. It is also submitted that as per the bifurcation of cost of the product given by the third respondent, the retailers and stockists get more than what the inventor gets which cannot be the intent of the legislature. Section 90(1) speaks of royalty and other remunerations. Under Section 90(2), while dealing with the terms and conditions of licence, the Controller must endeavour to make available the articles to the public and at the same time, this fixing of price should be made in consistent with the patentee's deriving a reasonable advantage from its patented right. The Controller has given his reasons for fixing 6 per cent royalty and we find from the written submissions given by the third respondent that UNDP specifically recommends that the rate of royalty be set at 4 per cent and adjusted upwards as much as 2 per cent for products of particular therapeutic value or reduced as much as 2 per cent when the development of the product has been partly supported with public funds. The Controller has referred to this while fixing the royalty at 6 per cent. According to the third respondent, by any calculation, the fixing of 6 per cent royalty is on the higher side. While we do not have any other document apart from the recommendations of UNDP, the grievance of the appellant is that the distributors and stockists are getting a margin of 30 per cent while the appellant gets 6 per cent. The appellant has a genuine reason for revision of royalty. We find that on the calculation given by the appellant, it appears that the third respondent gets roughly 14 per cent which is the margin. The Controller General directed the royalty shall be paid on the net sales of the drug and not from the margin and we think it right. In view of all the materials, *viz.*

pleadings and evidence before us, we are of the opinion that an increase of one percent to the royalty fixed by the Controller would meet the ends of justice. Therefore, paragraph 15(f) of the impugned order alone is modified. In other respects we do not see any error.

Paragraph 15(h) requires the licensees to supply the drug to at least 600 needy and deserving patients per year free of cost and that a report shall be submitted on or before 31 June every year. When the arguments were heard, we said that when this statement is filed before the Controller, a copy of the same must also be sent to us. In the affidavit filed along with such statement, the third respondent stated that it had distributed the drug to 313 patients free of cost as against their calculation of 450 patients. According to the third respondent, since the order was issued on 12 March 2012 to distribute the drug to 600 patients every year, if the number of patients are calculated on pro-rata basis, it would be 450 patients. The third respondent has given the names of patients, name of the doctor, place where the patients were enrolled and the drug supplied. In paragraph 3 of the affidavit, it was stated that the deficiency in the number of patients would be met up by March, 2013. This is also referred to by the appellant who states that on the ground of non-compliance of the direction of the Controller General, the compulsory licence must be revoked and the appeal must be allowed. If permitted in law, the appellant is free to approach the Controller for appropriate relief. We are merely considering the legality of the impugned order.

Next, we come to suppression and wrong statement. The suppression is with regard to CIPLA's presence in the market and the false statement is the statement made that the applicant has applied and obtained patent for process of producing Sorafenib Tosylate, a copy of which is annexed as Annexure-M. Three factors are referred to by the appellant: (i) filing of counter claim in the civil suit; (ii) presence of CIPLA; and (iii) process patent which was alleged to have been granted but it was in fact pending. This issue is a difficult one. As regards filing of counter claim, the case of the third respondent as to why it did not refer in its application is that a copy of the counter claim and documents were submitted to the Controller of Patents under a separate cover and as regards the presence of CIPLA, according to the third respondent, it was not a material fact and in any event, when the impugned order was passed, the issue of CIPLA's presence was before the Controller. As regards process patent application which is referred to as Annexure-M, it is stated that the third respondent has applied and obtained patent for process and Annexure-M clearly shows that patent for process was not obtained. The best that the third respondent can state here is that it did not intend to deceive, otherwise it would not have enclosed a copy of the same. We repeat, these proceedings are neither against the inventor, nor against the compulsory licence applicant, but purely based on public interest.

Thailand" (2011) 6:2 Global Public Health: An International Journal for Research, Policy and Practice 111-24, available at <<http://dx.doi.org/10.1080/17441690903575255>>.

GENERAL EXERCISE FOR THIS CHAPTER

1. Discuss the rationale behind fixing different terms of protection for different categories of intellectual property.
2. Discuss the difference between the limitation and exception provisions given in the TRIPS Agreement for different categories of intellectual property rights. [Arts. 13, 17, 26(2) and 30]
3. Examine whether the WTO Dispute Settlement Body has differentiated between Articles 13 and 30 of the TRIPS Agreement in their interpretation of these provisions in WT/DS/160/R and WT/DS/114/R. If there is no difference between these two articles, does it imply that the limitations and exceptions available in the case of copyright are available in the case of patents as well?
4. Discuss the need to broaden the scope of limitation and exception to copyright so as to facilitate access to information in computer network.
5. Compare and contrast the compulsory licensing provisions in various intellectual property laws in India.
6. Critically evaluate the recent trend in the trade marks law in the field of licensing for appreciating how far it is affecting the public interest.
7. Examine the concept of trade mark dilution and how far it has strengthened the trade mark as a monopoly? Do you think that this trend is favourable to the public interest?

CHAPTER 6

Infringement of Intellectual Property Rights and Passing off

INTRODUCTION

Infringement of intellectual property happens when someone attempts to exploit the rights conferred on the respective owners under different forms of intellectual property without the assent of the owners or persons authorised by them. However, it is interesting to note that the term "infringement" has different connotations with respect to different types of intellectual property. For example, under copyright law there can be no infringement without copying regardless of the extent of similarity between the two works.¹ In other words unlike in the case of patents, independent creations cannot be infringing works.² Similarly, use of a copyrighted work is not an infringing act if such use does not fall within the scope of those rights expressly granted to the copyright proprietor.³ The differences may be due to the difference in the scope of rights conferred by each intellectual property and its impact on society at large. The first step in determining infringement of intellectual property is the proof of existence of a valid intellectual property. The next step is to see if there is violation of rights granted by the statute. While determining this, the excusable or justifiable actions have to be taken into account.

COPYRIGHT

The copyright in a work could be said to be infringed when someone without the permission of the owner of copyright does anything, the exclusive right being conferred upon the owner by the Copyright Act.

1. *Nimmer on Copyright*, 8.01[A], 8-13.
2. *Kewanee Oil Co. v. Bicron Corp.*, 40 L Ed 315; 416 US 470, 477 (1974). Also read, *Chisum on Patents* (LexisNexis 2001) §16.02[2].
3. *Nimmer on Copyright*, 8.01[A], 8-14.

In order to prove infringement, it has to be proved that the work alleged to be infringed has copyright and the infringing work is a copy of it. For proving the latter part, one has to have a clear understanding as to what amounts to copying. How much of the original work need to be copied for constituting infringement? Copying of the uncopyrightable material from the original work is not infringement. In order to constitute infringement not only that copyrighted material be copied but also such protected material must be "substantial". In other words, there should be substantial similarity between the original work and the work alleged to be an infringing copy. However, the determination of the extent of copying that constitutes a substantial copying is one of the most difficult questions in the copyright law.⁴ Substantial copying does not necessarily mean copying of substantial portion of the work. Even if the similar material is quantitatively small, it is enough to constitute substantial copying if it is qualitatively important.⁵ Copying need not be literal or verbatim. It is enough if the fundamental essence or structure of one work is duplicated.⁶ The mere fact that the defendant paraphrased rather than literally copied will not preclude a finding of substantial copying. Otherwise, a plagiarist would escape by immaterial variations.⁷ However, both in literal and non-literal copying, one of the most important considerations while deciding on infringement is the adverse effect on the market caused by the infringing work.

The next difficulty involved in answering the question of infringement is the idea/expression dichotomy in copyright. Since ideas are not protected under the copyright, similarity in ideas does not constitute infringement. It is not easy to identify when an imitator has gone beyond the idea and has borrowed its expression. According to Prof. Zechariah Chafee, the protection covers the "pattern" of the work; the sequence of events and the development of the interplay of characters.⁸

In *Nichols v. Universal Pictures Corpn.*⁹, Judge Learned Hand suggested a solution to the problem of separating expression from idea for the purpose of determining copyright infringement in his famous "abstraction test". According to him, when the plagiarist does not take out a block *in situ*, but an abstract of the whole, decision is more troublesome. What one could do is to analyse the works in different levels of abstractions so that identification of substantial similarity between two works becomes less complex. Moreover, it helps one to identify the levels of abstractions wherein no copyright protection is possible since that

4. *Ibid.*, 13.03-13.27. See also, Michael Spence and Timothy Endicott, "Vagueness in the Scope of Copyright" (2005) 121 LQR 657.

5. *Nimmer on Copyright*, 13-47.

6. *Ibid.*, 13-29.

7. *Nichols v. Universal Pictures Corpn.*, 45 F 2d 119, 121 (2nd Cir 1930).

8. Chafee, "Reflections on the Law of Copyright" (1945) 45 Colum L Rev 503, 513-14.

9. 45 F 2d 119 (2nd Cir 1930).

may result in the protection of ideas.¹⁰ The next step is filtering wherein the ideas and facts and other public domain materials are sifted out and finally the remaining portion is compared with the infringing work.

The following cases reveal the complexity involved in analysing the issue of copyright infringement.

R.G. ANAND v. DELUX FILMS
(1978) 4 SCC 118: AIR 1978 SC 1613

(JUSTICE MURTAZA FAZAL ALI, JUSTICE JASWANT
SINGH AND JUSTICE R.S. PATHAK)

JUSTICE MURTAZA FAZAL ALI

[Facts of the case discussed in Chapter I hence not included.]

[*****] One of the issues addressed: Is the film "New Delhi" an infringement of the plaintiff's copyright in the play "Hum Hindustani"? [***** after discussing various cases and authorities, Court concluded the law thus:]

Thus, on a careful consideration and elucidation of the various authorities and the case law on the subject discussed above, the following propositions emerge:

1. There can be no copyright in an idea, subject-matter, themes, plots or historical or legendary facts and violation of the copyright in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.
2. Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case the courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work. If the defendant's work is nothing but a literal imitation of the copyrighted work with some variations here and there, it would amount to violation of the copyright. In other words, in order to be actionable the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.
3. One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.
4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.

10. *Ibid.*, 121.

5. Where, however, apart from the similarities appearing in the two works there are also material and broad dissimilarities which negate the intention to copy the original and the coincidences appearing in the two works are clearly incidental, no infringement of the copyright comes into existence.
6. As a violation of copyright amounts to an act of piracy, it must be proved by clear and cogent evidence after applying the various tests laid down by the case law discussed above.
7. Where, however, the question is of the violation of the copyright of stage play by a film producer or a director, the task of the plaintiff becomes more difficult to prove piracy. It is manifest that unlike a stage play a film has a much broader perspective, wider field and a bigger background where the defendants can by introducing a variety of incidents give a colour and complexion different from the manner in which the copyrighted work has expressed the idea. Even so, if the viewer after seeing the film gets a totality of impression that the film is by and large a copy of the original play, violation of the copyright may be said to be proved.

[***** discussed facts, the approach to the case and continued.]

We might mention that before the play starts the author shows some voice reciting various persons proclaiming that they come from different States like the slogan that they belong to a particular State rather than that they belong to India.

Analysing therefore the essential features of the play the position is as follows:

1. That the central idea of the play is based on provincialism and parochialism.
2. The evils of provincialism are illustrated by the cordial relations of the two families being marred because of an apprehended marriage tie which according to both the families was not possible where they belonged to different States.
3. That the Madrasi boy Amni is a coward and in spite of his profound love for Chander he does not muster sufficient courage to talk the matter out with his parents.
4. That in sheer desperation while the parents of the families are trying to arrange a match for the couple belonging to the same State, Amni and Chander enter into a suicidal pact and write letters to their parents intimating their intention.
5. It was only after the letters are perused by the parents that they realise the horror of parochialism and are repentant for having acted so foolishly.
6. That after this realisation comes the married couple Amni and Chander appear before the parents and thus all is well that ends well.

[***** discussed the facts and continued.]

Analysing the story of the film it would appear that it portrays three main themes: (1) two aspects of provincialism, *viz.* the role of provincialism in regard to marriage and in regard to renting out accommodation, (2) evils of a caste ridden society, and (3) the evils of dowry. So far as the last two aspects are concerned they do not figure at all in the play written by the plaintiff/appellant. A close perusal of the script of the film clearly shows that all the three aspects mentioned above are integral parts of the story and it is very difficult to divorce one from the other without affecting the beauty and the continuity of the script of the film. Further, it would appear that the treatment of the story of the film is in many respects different from the story contained in the play.

Learned counsel for the appellant however drew our attention to para. 9 of the plaint at pp. 18-19 of the paper book wherein as many as 18 similarities have been detailed. The similarities may be quoted thus:

1. Before the actual stage play, the producer gives a narrative. He states that although we describe ourselves as "Hindustani" we are not really Hindustani. He questions the audience as to what they are and various voices are heard. They say in their own provincial language that they are Punjabis, Bengalis, Gujaratis, Marathis, Madrasis, Sindhis, etc. In the said film the same idea is conveyed and the hero of the picture is shown searching for a house in New Delhi and wherever he goes he is confronted by a landlord who describes himself not as Hindustani but as a Punjabi, Bengali, Gujarati, Marathi, Madrasi or Sindhi.
2. Both the said play and the said film deal with the subject of provincialism.
3. Both the said play and the said film evolve drama around the lives of two families, one a Punjabi and the other a Madrasi family.
4. In both the said play and the said film the name of the Madrasi father is Subramanyam.
5. Both the said play and the said film have their locale in New Delhi.
6. Both the said play and the said film show cordiality of relations between the two families.
7. Both the said play and the said film show the disruption of cordial relations as soon as the head of the families discover the existence of a love affair between their children.
8. In both the said play and the said film, both the parents warn their respective children not to have anything to do with each other or face the pain of corporal punishment.
9. The entire dialogue in both the said play and the said film before and after the disruption, is based upon the superiority of the inhabitants of one Province over the inhabitants of the others.

10. In both the said play and the said film the girl is shown to be fond of music and dancing.
11. In both the said play and the said film, the hero is shown as a coward to the extent that he has not the courage to go to his parents and persuade them to permit him to marry a girl hailing from another Province.
12. Both in the said play and in the said film, when the parents of the girl are discussing marrying her off to somebody else the girl is listening to the dialogue from behind a curtain. Thereafter the girl runs to the boy and explains the situation to him.
13. In both the said play and the said film, the girl writes a letter of suicide.
14. In the said play reconciliation takes place when the children of the two families who were in love go out to commit suicide by drowning, whereas in the said film it is only the daughter who goes out to commit suicide by drowning herself in the Jamuna.
15. In the said play the children are stopped from committing suicide by an astrologer whereas in the said film the girl is stopped from committing suicide by a friend of the family.
16. In the said play reconciliation between the two families takes place only after they have experienced the shock of their children committing suicide on account of their provincial feelings whereas in the film, the father of the girl realised his mistake after experiencing the shock of his daughter committing suicide.
17. In both the said play and the said film, stress is laid on the fact that although India is one country, yet there is an acute feeling of provincialism between persons hailing from its various States even though they work together and live as neighbours.
18. Both in the said play and in the said film, even the dialogue centres around the same subject of provincialism.

[**** discussed the view of the trial court and continued.]

After having gone through the script of the play and the film we are inclined to agree with the opinion of the Courts below. We have already pointed out that mere similarities by themselves are not sufficient to raise an inference of colourable imitation. On the other hand, there are quite a number of dissimilarities also, for instance:

1. In the play provincialism comes on the surface only when the question of marriage of Amni with Chander crops up, but in the film it is the starting point of the story when Anand goes around from door to door in search of accommodation but is refused the same because he does not belong to the State from which the landlord hails, as a result thereof Anand has to masquerade himself as a

- Madras. This would therefore show that the treatment of the subject of provincialism in the film is quite different from that in the play and is actually a new theme, which is not developed or stressed in the play.
2. Similarly, in the play, the two families are fully aware of the identity of each other whereas in the film they are not and in fact it is only when the dance performance of Janaki and Anand is staged that the identity of the two families is disclosed which forms one of the important climax of the film. Thus, the idea of provincialism itself is presented in a manner or form quite different from that adopted in the play.
3. In the film there is no suicidal pact between the lovers but only a suicide note is left by Janaki, whereas in the play both the lovers decide to end their lives and enter into a suicidal pact and leave suicide note to this effect. Furthermore, while in the play Amni and Chander get married and then appear before the parents, in the picture, the story takes a completely different turn with the intervention of Sadhu Ram who does not allow Janaki to commit suicide but keeps her with him disguised as his niece and the final climax is reached in the last scene when Janaki's real identity is disclosed and Subramaniam also finds out that his daughter is alive.
4. The story in the play revolves around only two families, namely, the Punjabi and the Madras families, but in the film there are three important families, namely, the Punjabi family, the Madras family and the Bengali family and very great stress is laid down in the film on the role played by Ashok Banerjee of the Bengali family who makes a supreme sacrifice at the end which turns the tide and brings about a complete revolution in the mind and ideology of Daulat Ram.
5. The film depicts the evils of caste-ridden society and exposes the hollowness of such a society when in spite of repeated requests no member of the brotherhood of Daulat Ram comes to his rescue and ultimately it is left to Ashok Banerjee to retrieve the situation. This aspect of the matter is completely absent in the play.
6. The film depicts another important social evil, namely, the evils of dowry which also appears to be the climax of the story of the film and the horrors of dowry are exhibited and demonstrated in a very practical and forceful fashion. The play however does not deal with this aspect at all.

The aspects mentioned above which are absent from the play are not mere surplusage or embellishments in the story of the film but are important and substantial parts of the story.

The effect of the dissimilarities pointed out above clearly go to show that they far outweigh the effect of the similarities mentioned in para. 9 of the plaint set out above. Moreover, even if we examine the similarities mentioned by the plaintiff they are trifling and trivial and touch insignificant points and do not appear to be of a substantial nature. The mere fact that the name of the Madrasi father was Subramaniam in both the film and the play is hardly of any significance because the name of a particular person cannot be the subject-matter of copyright because these are common names.

After careful consideration of the essential features of the film and the play we are clearly of the opinion that the plaintiff has not proved by clear and cogent evidence that the defendants committed colourable imitation of the play and have thus violated the copyright of the plaintiff.

[**** discussed the fact and continued.]

Thus, applying the principles enunciated above and the various tests laid down to determine whether in a particular case there has been a violation of the copyright we are of the opinion that the film produced by the defendants cannot be said to be a substantial or material copy of the play written by the plaintiff. We also find that the treatment of the film and the manner of its presentation on the screen is quite different from the one written by the plaintiff at the stage. We are also satisfied that after seeing the play and the film no prudent person can get an impression that the film appears to be a copy of the original play nor is there anything to show that the film is a substantial and material copy of the play. At the most the central idea of the play, namely, provincialism is undoubtedly the subject-matter of the film along with other ideas also but it is well settled that a mere idea cannot be the subject-matter of copyright. Thus, the present case does not fulfil the conditions laid down for holding that the defendants have made a colourable imitation of the play.

On a close and careful comparison of the play and the picture, but for the central idea (provincialism which is not protected by copyright), from scene to scene, situation to situation, in climax to anti-climax, pathos, bathos, in texture and treatment and purport and presentation, the picture is materially different from the play. As already indicated above, applying the various tests outlined above we are unable to hold that the defendants have committed an act of piracy in violating the copyright of the play.

Apart from this the two courts of fact, having considered the entire evidence, circumstances and materials before them have come to a finding of fact that the defendants committed no violation of the copyright. This Court would be slow to disturb the findings of fact arrived at by the courts below particularly when after having gone through the entire evidence, we feel that the judgment of the courts below are absolutely correct.

The result is that the appeal fails and is accordingly dismissed. But in the circumstances there will be no order as to costs in this Court only.

POINTS FOR DISCUSSION

1. What are the tests suggested and applied by the Court in deciding whether there is infringement of copyright in this case?
2. What is meant by substantial copying and how could it be determined if there is substantial similarity between two works?
3. What are the evidences upon which the Court came to the conclusion that this is not a case of copyright infringement?
4. Discuss the relevance of proof of access to the work in deciding infringement.
5. Is the Court right in drawing the conclusion of non-infringement even after knowing that there is clear evidence of access by the defendants to the plaintiff's work and there are many instances of similarity between the play and the film?
6. Do you think that in the present context the Court is right in coming to the conclusion based on the dissimilarities, as the Court itself was well aware of the problems with the change in the medium?
7. Do you feel that the Court, in this case, has laid down with sufficient clarity the criteria based on which the question of substantial copying of expression could be answered?
8. In this case the Court has admitted the fact that the question of violation of the copyright of a stage play by a film is very difficult to prove in view of the broader perspective, wider field and bigger background of the film. Do you think that the Court in this case has correctly appreciated its own above finding while comparing the film and the play for deciding the question of infringement?

READ

1. *F.L. Berawalla v. R.K. Jain*, (1950-2000) PTC Supp (2) 857 (Del).
2. *S.K. Dutt v. Law Book Co.*, AIR 1954 All 570.
3. *N.T. Raghunathan v. All India Reporter Ltd.*, AIR 1971 Bom 48.
4. *Indian Express Newspapers (Bombay) (P) Ltd. v. Jagmohan Mundhara*, AIR 1985 Bom 229.

EXERCISE

Discuss the following observation of *Raja Pocket Books v. Radha Pocket Books*, 1997 Arb LR 150: (1997) 17 PTC 84 (Del) in the light of the ratio of *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.

The central idea of the two characters is the same. Applying the surest and safest test to determine whether or not there has been a violation of copyright, there is no escape from the conclusion *prima facie* that in case of any reader on going through both the works will clearly be of the opinion and will get an unmistakable impression that comic Nagesh is a work, which appears to be a copy of Nagraj. Not only the theme is the same, though presented slightly and somewhat differently, but the central idea remains the same. There are no material or broad dissimilarities. The question whether the two marks are so similar as likely to cause confusion or deceive is for the Court to decide. The question has to be approached by applying the Doctrine of Fading in Memory, *i.e.* from the point of view of a man of average intelligence having imperfect recollection. Whether the overall visual and phonetical similarities of the two marks is likely to deceive such a man or cause confusion that he could make mistake for the goods of the defendant for those of the plaintiff. In addition to this, the other question is about the persons who are likely to be deceived and what rules or comparison are to be adopted in judging whether such resemblance exist. Undoubtedly, it is the younger generation, who are the persons likely to be deceived. They will be well versed in reading the language in which both the comics have been brought in, namely, Devanagari Script (Hindi). The rules of comparison to be adopted in judging the resemblance would be those as are stated in the decision of the Supreme Court in the *R.G. Anand case*¹¹, namely, an unmistakable impression that the subsequent work appears to be the copy of the original. Similarly about the theme of visual, phonetical similarity and over all impression of the two works that the same is likely to deceive such a man or cause confusion that he may make mistake in the goods of defendant for that of the plaintiff. Nagraj and Nagesh having same meaning, namely, King snakes; Colour of comics is also green, gauntlets are ripped in both cases, functionally, both are capable of doing same and similar work, namely, scaling the walls and the roofs alike, hurling snakes, causing the objects to melt and the snakes capable of returning back and merging in the body of the character. For the purpose of climbing, both use the same material, namely, rope in the form of snake.

ZEE TELEFILMS LTD. v. SUNDIAL
COMMUNICATIONS (P) LTD.

(2003) 27 PTC 457 (Bom)

(JUSTICE A.P. SHAH AND JUSTICE D.K. DESHMUKH)

JUSTICE A.P. SHAH

These are appeals from an order of Bobde J, granting ad interim injunction restraining the defendants from infringing the copyright of

11. *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.

the plaintiffs' original work titled "Krish Kanhaiyya" and proceeding further with broadcasting of their television serial "Kanhaiyya". In view of the peculiar facts and circumstances of the case and the nature of dispute, the parties have agreed that Notice of Motion should itself be disposed of at this stage.

This suit has been brought by the plaintiffs against the defendants for breach of copyright and misuse of confidential information. The claim is for various reliefs in respect of the plaintiffs' work titled "Krish Kanhaiyya". In essence, the plaintiffs' case is as follows. Plaintiff 1 is a Company engaged in the business of television programming, video programming, multimedia programming and feature films, television serial production, etc. It consists of a group of entrepreneurs, who have worked in different television networks and who then decided to start their own business in January 2002. With this in mind they have come up with various creative concepts for television programmes, which they intend to produce for television networks for broadcasting thereon. According to the plaintiffs, by the custom of their business, the concepts generated by them are registered with Film Writers' Association and the titles for such programmes are registered with Indian Motion Pictures Producers' Association. The concepts generated are expressed through concept notes, character sketches, detailed plots and episodes, and main story lines that are put down in writing. It is this written expression of their original concepts and ideas which are registered with Film and Writers' Association and the title under which such concepts are sought to be translated into audio-visual form and telecast is registered with Indian Motion Pictures Producers' Association. Apart from this, the concepts are also translated into audio-visual form through production of what is known as a pilot, which is an audio-visual representation produced on video-tape and representative of some episodes, which will subsequently be duly reproduced in finished form for the purpose of telecasting.

In or about January 2002, immediately after incorporation of Plaintiff 1 Company, the plaintiffs worked on various concepts and came up with a concept titled "Kanhaiyya" which was registered with the Film Producers' Association on 22-2-2002 in the name of Plaintiff 2, who is an employee of Plaintiff 1. The first concept, as registered, was based on a family where "Kanhaiyya" who is an avatar of Lord Krishna, appears as a child and is a succour to them and helps them. He plays with them, performs small miracles for them. If they behave badly or fight, he goes back. He adds joy and happiness to the entire family. The idea was thereafter evolved into various episodes and different adventures. Subsequent to this, Plaintiff 1 and its various employees, including Plaintiff 2 worked further on the theme and concept of "Kanhaiyya" and evolved it in greater detail. This was duly incorporated in the concept notes annexed to the plaint at Exhs. "B" and "C". Around the second

week of April 2002, the employees of Plaintiff 1 presented the concept under the title "Kanhaiyya" to Ms Vinta Nanda, the then Director. The presentation was made with a clear understanding that it was confidential and will not be used, exploited in any manner other than through the plaintiffs, it being the plaintiffs' original ideas, concepts, thoughts and expressions, with the copyright vesting in them in terms of Section 13 of the Copyright Act, 1957. In fact, when the plaintiffs specifically asked whether a non-disclosure agreement would be entered into, Ms Vinta Nanda categorically stated that it was not the policy of Defendant 1's channel to enter into any non-disclosure agreement since the repute of Defendant 1's channel was such that nobody could imagine that their concepts would be taken away and entrepreneurs like the plaintiffs would never be exploited or cheated.

The concept was thereafter worked on with a title changed from "Kanhaiyya" to "Krish Kanhaiyya" and a detailed concept note, character sketches, detailed plot of first episode and ten episodic plots were sent to Defendant 1. Encouraged by the positive response of Defendant 1, the plaintiffs in association with Cinevistaas Ltd. produced a pilot, since such pilot programme duly represented on video-tape would be a greater deciding factor for the television channel to decide on production and broadcasting, on the concept originated by the plaintiffs. The pilot of "Krish Kanhaiyya" along with the developed concept was sent to Defendant 1 around 10-10-2002 and was also sent to Star TV, Sony TV and Sahara TV since Defendant 1 had not yet made up their mind as to whether to air and broadcast the serial "Krish Kanhaiyya". The evolved concept was also registered with Film and Writers' Association on 12-11-2002. The pilot is structured around the following:

1. A rich dysfunctional family;
2. Internal feuds (within the family);
3. Affected family member cries and asks God for help;
4. Lord Krishna appears in a human (child) form (of Kanhaiyya) in front of the family member who prays for help;
5. Kanhaiyya enters the house, posing as Krish relative of the family member;
6. Kanhaiyya then proceeds to weave his magic and miracles around the family that is on the verge of breaking apart;
7. Kanhaiyya brings happiness to all.

Thereafter, the plaintiffs met the Chairman of Defendant 1 and certain price negotiations appear to have taken place. However, the plaintiffs did not hear from the defendants and they therefore pursued the production of the show with Sony Entertainment Television. Soon after Sony Entertainment Television expressed its willingness to produce this concept of Kanhaiyya, the plaintiffs learnt that the defendants were doing

the show based on the concept of Kanhaiyya. The plaintiffs made several attempts to reach the officers of Defendant 1 to request not to infringe the copyright. They, however, failed to contact anybody responsible. The plaintiffs found that Defendants 2 and 3 have applied to Indian Motion Pictures Producers' Association for registration of the name Krish Kanhaiyya. The plaintiffs also came across promotional materials for the production "Kanhaiyya" as also hoarding announcing the launch of Kanhaiyya by the defendants. As a result, Sony Entertainment Television has declined to sign the contract after coming to know that Zee Television of the defendants is going to produce and broadcast serial "Kanhaiyya" from 9-3-2003. Enquiries by the plaintiffs have shown that rather Kanhaiyya coming down to earth in the form of a boy as per the concept of the plaintiffs, he comes down as a girl in the show being produced and proposed to be aired by the defendants. The name is also deceptively similar, being Kanhaiyya rather than Krish Kanhaiyya and the word Kanhaiyya was also the original name, which has been conceptualised by the plaintiffs. Again similar to the plaintiffs' work, the defendants' show is also based around a dysfunctional large family with internal fights and Kanhaiyya coming down, weaves magic around the family and gets them to come together with their troubles going away. The plaintiffs contend that the defendants' infringing copy is distinctly similar to that of the original work of the plaintiffs in all material ways with a few cosmetic changes. In fact, no matter what dressing or trimming may be sought to be done by the defendants to somehow create an impression of dissimilarity to escape any action for breach of copyright and passing off the basic work as taken would clearly establish the deception and infringement, the primary test of infringement being that it has basic similarity, that becomes most relevant. It is further contended that there is clear breach of confidentiality by Defendant 1 since plaintiffs' work was disclosed to Defendant 1 in confidence on the understanding that Defendant 1 would not use it in any way except through the plaintiffs. The plaintiffs have relied upon the affidavits of their employees and also the affidavit of Sunil Mehta, Vice-Chairman and Managing Director of Cinevistaas Ltd., who had prepared the pilot episode for Krish Kanhaiyya.

Along with the suit, the plaintiffs took out Notice of Motion seeking an injunction restraining the defendants from infringing the copyright of the original work of the plaintiffs titled Krish Kanhaiyya through producing or in any manner exploiting or broadcasting through television or any other medium, or otherwise any programme deceptively similar to the original concept and format of the plaintiffs as per Exhs. "A", "B" and the attachment to Exh. "C" to the plaint. In response to the notice the defendants appeared before the learned Single Judge. On behalf of Defendant 1, Sri B.L. Gautam, Director (Commercial) has

filed a cryptic affidavit stating merely that the defendants had not at any stage parted with the pilot which was handed over by the plaintiffs to them or informed to Defendants 2 and 3 or anyone else of the concept, theme and content of the plaintiffs' pilot, concept note, script or any other material in relation to the plaintiffs' proposed serial. Sri Gautam claimed that Defendants 2 and 3 have independently submitted their serial for approval of the Defendant 1 which was approved and accordingly, Defendants 2 and 3 have produced this concept. He stated that the TV Serial Kanhaiyya is not in any manner identical in terms of theme, concept, story, characters, idea to that of the plaintiffs. Further affidavits have been filed on behalf of Defendants 2 and 3 setting up a claim that the original concept of serial Kanhaiyya and the written content therein was provided by two well known writers Sri Suresh Valmiki and Sri Abhay Krishna. It was claimed that they are originators of the original concept and idea and basic script and the serial is based, conceived, conceptualised and written on the concept/theory of *karma* which is the essence of the Bhagvad Gita. It was emphatically stated that the theme of the subject-matter and the pilot of defendants' serial is completely different and distinct from that of the plaintiffs. Sri Sachdeva, proprietor of Defendants 2 and 3, maintained that in his serial, there is no divine child or form or avatar. There is an orphan child who is blessed with sagacity and wisdom beyond his age and he is not God or divine. He lays no claim or pretence to being either God, supernatural or divine, either as Krishna or otherwise. At no point of time in the serial will the child appear as Lord Krishna. At no point of time will the child assume a divine form or claim to be Lord Krishna or perform supernatural acts. Even the advice that the child offers, is offered casually and in the course of normal conversation. Besides the grand mother, who is a Krishna Bhakt who sees Krishna in everything, no member of the family even suspects or associates the child with the divine. As the serial develops, some coincidences/incidents (not miracles) will be introduced, so as to develop in the audience the nagging suspicion that could this child have something to do with Krishna? However, on each occasion, there will be a perfectly natural or human explanation offered by the child. This is to sustain audience curiosity and interest. His serial therefore emphasises the natural over supernatural. It seeks to convey the message that one should do one's deeds, act by himself/herself and not look to divine help. The plaintiffs' pilot and concept, does exactly the reverse.

[***** discussed the arguments of the parties referred to *R.G. Anand v. Delux Films*¹², *Indian Express Newspapers (Bombay) (P) Ltd. v. Jagmohan Mundhara*¹³, and continued.]

12. (1978) 4 SCC 118: AIR 1978 SC 1613.
13. AIR 1985 Bom 229.

It is undoubtedly true that the law does not recognise property rights in abstract ideas, nor is an idea protected by a copyright and it becomes copyright work only when the idea is given embodiment in a tangible form. When an idea is given embodiment in a tangible form it becomes subject of common-law property rights which are protected by the courts at least when it can be said to be novel and new. The present case is not a case of a mere idea. The plaintiffs have developed this idea into various concept notes including a pilot, which are at Exhs. "B" and "C" to the plaint, viz. concept notes, character sketches, detailed plot of first episode and ten episodic plots. Therefore, the submission of the learned counsel for the defendants that the copyright was claimed merely in an idea is unacceptable.

In *R.G. Anand case*¹⁴, the Supreme Court on a careful consideration and elucidation of various authorities and the case laws on the subject, laid down the following propositions: [***** quoted the ratio and continued.]

We would now endeavour to apply the principles enunciated above to the facts of the present case in order to determine, whether or not plaintiffs have been able to prove the charge of violation of copyright levelled against the defendants by the plaintiffs. The defendants have set out the theme of their serial in para. 7 of the affidavit of Sri Gulshan Sachdeva, proprietor of Defendants 2 and 3. We have also viewed the video film of the plaintiffs' pilot project and the defendants' first episode of their serial Kanhaiyya. We think that the work of the defendants is similar in material and substantial aspects with that of the plaintiffs. The common feature is a dysfunctional family and the fact that the Lord Krishna enters the life of family which has many problems and troubles, solves them and becomes succour to the family. In the defendants' programme, the child is called Kanhaiyya which in India unmistakably points to Lord Krishna. The visual that goes on prior to the commercial break shows the child with peacock feather which is again something unmistakably associated with Lord Krishna. Moreover, through the episode, the verses of the Bhagvad Gita are chanted in the background. It is therefore difficult to accept the dissimilarity relied upon by the defendants such as the fact that the child in their episode is not divine and does not perform miracles and therefore there is a complete dissimilarity between the main role in the two concepts. Indeed, in the affidavit of Sachdeva, it is stated that as the serial develops, some coincidences/incidents (not miracles) will be introduced, so as to develop in the audience the nagging suspicion that could this child have something to do with Krishna? We have, therefore, no doubt in our mind that the intention is to portray the child as avatar of Lord Krishna, though he does not appear in the form of Bal Krishna.

14. *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.

Broadly, the similarities which were apparent upon viewing the two videos were as follows:

Krish Kanhaiyya (plaintiff)	Kanhaiyya (defendant)
Family is rich and dysfunctional.	Family is rich and dysfunctional.
Main woman protagonist—Step mother, most affected by the environment in the house, prays for help to God.	Main woman protagonist—Dadima, most affected by the environment in the house, prays for help to God (Lord Krishna).
The prayer is answered soon by the arrival of Kanhaiyya.	The prayer is answered soon by the arrival of Kanhaiyya.
God is in Bal Krishna form.	God is in child form.
The interaction with Kanhaiyya is heart warming, consoling and gives some support to the main woman protagonist.	The interaction with Kanhaiyya is heart warming, consoling and gives some support to the main woman protagonist.
Kanhaiyya attaches himself to the seeker of help.	Kanhaiyya attaches himself to the seeker of help.
Opening background is a flute sound—an instrument normally thought to be played by Lord Krishna.	Starts with rendition to Lord Krishna.
Opening title has a prominent peacock feather and the character of Lord Krishna on it with the title Krish Kanhaiyya written across it.	The opening title has the peacock feather with the main character's face and Kanhaiyya written all across it.
Their music is flute and other instruments.	Background is from Gita, implying that it is Lord Krishna's words.

Even the character sketches in both works are similar. In both the father is a businessman having three children. In Krish Kanhaiyya elder son is a sportsman and a footballer whereas in the defendant's serial the elder son is a cricketer; the second child is a budding scientist and does not sleep all night whereas in the defendants' serial the second child who is a computer geek does not sleep all night and spends too much time on computer. In Krish Kanhaiyya youngest child is a daughter and talks to people through her doll whereas in the defendants' serial youngest child is also a daughter and talks in third person. In both programmes the children do not get along and fight amongst themselves, and show disrespect towards elders. In Krish Kanhaiyya there is a man servant—Man Friday Banvari who is in charge of management of the house whereas in the defendants' serial the man servant—Man Friday Shankar is in charge of the management of the house. In Krish Kanhaiyya the main woman protagonist is the mother who is keen to bring about harmony and love in the family, whereas in the defendants' serial the main woman protagonist is Dadima who is keen to bring about harmony and love in the family. After viewing both the films a viewer would definitely form an opinion or would get a dominant impression that the defendants' serial has been based or

taken from the original work of plaintiffs. It is true that there are some dissimilarities in the manner of presentation which are highlighted by the learned counsel for the defendants in his arguments. However, we think that these dissimilarities are trivial and insignificant. To quote the words of the learned Judge Hand in *Sheldon v. Metro-Goldwyn Pictures Corpn.*¹⁵ that "It is enough that substantial parts were lifted; no plagiarist can excuse wrong for showing how much of his work he did not pirate." [**** quoted from *Coreilli v. Gray*¹⁶, *Harman Pictures N.V. v. Osborne*¹⁷, and *Mohendra Chundra Nath Ghosh v. Emperor*¹⁸ and continued.]

Having considered two works involved in this case not hypercritically and with meticulous scrutiny but by the observations and impressions of the average viewer, we find that striking similarities in two works cannot in the light of the material placed on record be said to constitute mere chance. We feel that the only inference that can be drawn from the material available on record is unlawful copying of the plaintiffs' original work. The learned counsel for the plaintiffs submitted, and not without sufficient force, that if the concept of Lord Krishna in child form is removed from the serial of the defendants, their programmes would become meaningless. In order to find out the similarity in the two concepts what is to be seen is the substance, the foundation, the kernel and the test as to whether the reproduction is substantial to see if the rest can stand without it. If it cannot, then even if many dissimilarities exist in the rest, it would nonetheless be a substantial reproduction liable to be restrained. In view of the foregoing discussion, we have no hesitation in holding that the plaintiffs have established that there has been infringement of their copyright.

[**** discussed the issue of reverse passing off and concluded.]

In the result therefore, appeals are dismissed. Notice of Motion No. 783 of 2003 is made absolute in terms of prayer clauses (a) to (f) and (b).

POINTS FOR DISCUSSION

1. Examine whether the Court applied the test of *R.G. Anand v. Delux Films*, (1978) 4 SCC 118; AIR 1978 SC 1613 correctly in this case.
2. Find out whether the Court protected the concept/theme while protecting the expressions.
3. Examine whether the Court compared the expression carefully as it did in the case of *R.G. Anand* to ensure that the concept is not protected while protecting the expression of the concept.

15. 81 F 2d 49 (2nd Cir 1936).

16. (1913) 29 TLR 570 (CA).

17. (1967) 1 WLR 723; (1967) 2 All ER 324.

18. AIR 1928 Cal 359.

4. Discuss the consequence of providing protection to the concept/idea of a work protected under copyright based on the principles of confidentiality.

ALSO READ

1. *Barbara Taylor Bradford v. Sahara Media Entertainment Ltd.*, (2004) 28 PTC 474; (2004) 1 CHN 448.
2. *R. Madhavan v. S.K. Nayar*, AIR 1988 Ker 39; (1950-2000) 23 PTC Supp (2) 221.

REFERENCES

1. Alan Latman, "Probative Similarity as Proof of Copying: Towards Dispelling Some Myths in Copyright Infringement" (1990) 90 Colum L Rev 1187.
2. Chafee, "Reflections on the Law of Copyright" (1945) 45 Colum L Rev 503.

Secondary infringement: Liability of internet service provider

In the networked world the challenges to copyright has become absolute. Digitization and networking made it extremely easy to copy and share copyrighted works without any loss of quality. The digitization collapsed the distinction among three formerly distinct activities, viz., accessing, using and copying: every such activity resulted in making of copies.¹⁹ The ease in copying and sharing made copyright owners demand stricter copyright protection. The onslaught of peer-to-peer technologies increasingly resulted in attributing secondary liability of Internet Service Providers (ISPs)/Online Service Providers (OSPs) for contributory infringement when their subscribers posted or shared copyrighted contents on the internet.²⁰ Contributory infringement imposes liability on "one who, with the knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another". Vicarious liability attaches to one who "has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities".

In order to tackle the issue of secondary liability of ISPs for the copyright infringement of its users, the copyright law was amended in the US in 1998 introducing a new Section 512 (safe harbor provisions), limiting the liability of ISPs to situations not falling within the safe harbours (such as lack of certain knowledge or awareness of infringing material or activity). In other words, the safe harbor provisions were introduced

19. Siva Vaidhyanathan, *Copyrights and Copywrongs—The Rise of Intellectual Property and How it Threatens Creativity* (New York University Press 2001) 152.
20. Niva Elkin-Koren, "Making Technology Visible: Liability of Internet Service Providers for Peer-To-Peer Traffic" (2005) 9 Legislation and Public Policy 15, 17, 25.

with a view to prevent copyright law from strangulating the internet in its infancy.

The general understanding of contributory infringement, as stated by Prof. Goldstein, constituting liability on simple knowledge of infringer's activities, even in the absence of specific knowledge that the activities infringed a copyright work is not found reflected in the safe harbour provisions. Instead, Section 512 takes a different approach by attracting OSP/ISP liability only in instances of knowledge of the infringing nature of its user's material or activity as opposed to the mere knowledge of the continuing user activity.²¹

However, the safe harbor provisions were later on subjected to uncanny interpretations as a result of compulsion from various content industries. In *A&M Records v. Napster*²² the US Court of Appeals for the Ninth Circuit and in *MGM Studios Inc. v. Grokster Ltd.*²³, the US Supreme Court, deviated from the *Sony*²⁴ decision which held that making non-commercial private copies is well within fair use exception. In *Napster*, the court denied that the sharing was private and non-commercial. In order to establish that the training was "commercial", the court took the stand that "a use was 'commercial' if you got for nothing something for which you would otherwise have to pay". In *Grokster*, the defendants who disseminated software enabling users to exchange files over peer-to-peer networks were held to be liable for contributory infringement of copyright of the contents so shared over the internet. The Court concluded that the defendants could be held liable as contributory infringers not for merely distributing their software, but for *inducing* those to whom they distributed the software to use it to commit copyright infringement. In *Grokster* the Supreme Court, citing the example of *Sony Betamax*, has stated that "mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. ... *The inducement rule, instead, premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.*"²⁵ (emphasis added). However, after *Grokster*, courts have resorted to different techniques to address the issue of ISP liability.²⁶

21. R. Anthony Reese, "The Relationship Between the ISP Safe Harbors and the Ordinary Rules of Copyright Liability" (2009) 32 Columbia Journal of Law & The Arts 427, 433, available at <<http://www.law.uci.edu/faculty/full-time/reese/reese-ispsafeharbors.pdf>>.
22. 239 F 3d 1004 (9th Cir 2001).
23. 162 L Ed 2d 781; 545 US 913 (2005).
24. *Sony Corp. of America v. Universal City Studios Inc.*, 78 L Ed 2d 574; 464 US 477 (1984).
25. *MGM Studios Inc. v. Grokster Ltd.*, 162 L Ed 2d 781; 545 US 913 (2005).
26. Read, *Perfect 10 Inc. v. Cybernet Ventures Inc.*, 213 F Supp 2d 1146 (CD Cal 2002), available at <<http://www.ipinbrief.com/wp-content/uploads/2010/10/perfect-10-v.-cybernet-ventures.pdf>>; *Columbia Pictures Industries v. Fung*, No.10-55946,

SUPER CASSETTES INDUSTRIES LTD. v. MYSPACE INC.
(2011) 49 PTC 49 (Del)

JUSTICE MANMOHAN SINGH

[**** general remarks and continued.]

The plaintiff has filed the instant suit for restraining infringement of copyright, damages, etc. The plaintiff claims to be the owner of the copyright in the repertoire of songs, cinematograph films, sound recordings, etc. The plaintiff claims to have over 20,000 Hindi non-film songs and around 50,000 songs in regional languages. The plaintiff further states that the business of the plaintiff which is film producing, music distribution, etc is largely dependant upon the exploitation of its copyright. The said copyright exploitation enables the plaintiff to sustain its creative activities thereby giving opportunities to many talents including composers, artists, singers, etc. The plaintiff states that the monetary gains arising from copyright exploitation further empowers it with financial strength to carry on its business of film making. The infringements of such works of the plaintiff, thus, causes royalty losses to the plaintiff and are responsible for the loss in the business of the plaintiff. The plaintiff claims that the copyright exploitation of the works is done by the licensing system whereby the plaintiff gives public performance licences to the parties who in turn give the plaintiff the necessary royalty. The plaintiff has filed the catalogue in which the plaintiff has claimed copyright and also filed the documents to the effect of showing its licensing scheme.

Defendant No. 1 is stated to be a social networking and entertainment website which offers a variety of entertainment applications including sharing, viewing of music, images, cinematograph works having its base in the United States of America. Defendant No. 2 is the owner of Defendant No. 1 which is stated to be a division of News Corporation, Fox Interactive media which is offering border free online network that caters to consumers by giving them platform or tools. As per the plaintiff, Defendant No. 1 describes the website as a place for friends and projects its website as a place to upload pictures and videos. The said website mspace.com provides country specific content and is one of the most popular social networking and content sharing website in the world. The plaintiff contends that the defendants' basic point of attraction in running this website is to make available the multimedia content including songs, pictures, clips which can be seen and shared by the user over the

filed on 21-3-2013 (9th Cir), available at <<http://cdn.ca9.uscourts.gov/datastore/opinions/2013/03/21/10-55946.pdf>>; *Viacom International Inc. v. YouTube Inc.*, Case 1:07-cv-02103-LLS Document 452, filed on 18-4-2013 (SDNY), available at <https://www.efc.org/sites/default/files/yt2013opinion_copy.pdf>; *UMG Recordings Inc. v. Veoh Networks Inc.*, No. 09-55902, filed on 14-3-2013 (9th Cir), available at <http://www.law.berkeley.edu/files/UMG_v_Veoh_-_9th_Cir_2013.pdf> etc.

internet space. The said website of Defendant No. 1 not only includes recently released infringing material but also the material which has not yet been released or is authorised for broadcast through the authorised distribution channels.

The features of the website are being described as that the user or visitor need not subscribe to the website in order to enable him to search and view the video on the same. But for the purposes of uploading a video on to the website, the user is required to subscribe and create a user profile. It is also pointed out in the plaint that when a user in India visits the said website the said user is immediately forwarded to India centric version of the website namely in.mspace.com which is catering to the Indian community. The plaintiff states that the website of the defendants contains the additional features and instructions which encourages the users and enables them to learn how to share videos. These additional functions create additional unauthorised copying, electronically store, transmit the content that infringes the rights of the others including the plaintiff.

The website of the defendants is stated to also generate revenue by offering of this illegal content/infringing works. The said revenue is made through the medium of advertisements being displayed on each webpage. The whole business of Defendant No. 1 specifically depends upon authorising free uploading and then distributing the content through downloading or streaming content to end users. The complaint of the plaintiff emerges from the kind of business model adopted by the defendants wherein it states that the songs, cinematograph works including the ones which are for new movies or upcoming movies distributing which the plaintiff earns its revenue and completes its cost of filmmaking gets deprived due to illegal dissemination of the songs, cinematograph works by the defendants on internet whereby the defendants encourages and authorises the users to share these contents and the end users are benefitted with the said songs and films free of charge by in turn distribution by the defendants to the public at large.

[**** discussed the operation of the website and the correspondence, pleadings, history of case, arguments of parties, general observations on copyright, referred to Sections 13, 14 and 51 and continued.]

From the bare reading of Section 51, it becomes apparent that the infringement is doing of any act by a person who is not authorised by the owner, which the owner is conferred to do under the provisions of the Act or permitting any place for profit for infringement of the copyright is also an infringement under the Act. The said two provisions are disjunctive inasmuch as that there shall be an infringement even if the acts are done which are of the owner or in the alternative the acts of permitting any place for profit. At this stage, it becomes relevant also to examine the wordings of Section 51(a)(ii) which provide permitting "any place" for profit. The use of the words "any place" would include common public

place or library or any other kind of place. The wordings do not put any embargo of the kind of the place which is required to be permitted for profit in order to establish an infringement. But rather the wordings used in the sub-section are "any place" so as to subsume physical place or place at the internet or webspace.

The reference is invited to the provisions of UK Copyright Act, 1956 which are similar in nature to Indian Copyright Act in this respect which brings more clarity on this aspect. The said provisions are reproduced hereinafter: [***** quoted and continued.] By comparing the situation as exists in 1956 Act of UK and 1957 Act of India in the provisions, it becomes amply clear that the wordings used in the section of UK Act are "place of public entertainment" but in Indian Act, the wordings used are "any place" which reflects the intention of the legislature which is to provide a provision for permissive infringement wherein it is not merely a place of public entertainment which is included but any place wherein the infringement is facilitated would be covered by the provision of the Indian Copyright Act, 1957.

The situation becomes more clear as one further sees carefully the later enactment of same nature in the UK CDPA Act of 1988 which provides two kinds of infringements separately which are that the "place of public entertainment" and "infringement caused by use of an apparatus". This fine distinction which is present in the later Act of UK is not present in the Indian Act. This would demonstrate that UK legislature was conscious about the kinds of the infringement which are going to be caused in the light of the development in the technology and mere provision of facilitating the infringement at public place of entertainment would not sufficiently cover the protection and the apparatus infringement must be provided separately under the separate head. Therefore, in the light of the same, the provision relating to providing means by way of apparatus is further introduced in addition to the already existing provision which relates to infringement relates to place of public entertainment in the 1988 Act. In the sharp contrast, our Indian Act which has been amended number of times, i.e. in 1984, 1994, 1999 which although provided for several crucial amendments including computer programmes as a subject of copyright under the head of literary work but has not provided any separate infringement by way of an apparatus under the separate head or separately and the provision relates to the facilitating infringement is the same as it stood in the 1957 Act. In absence of such amendment in the Indian Act and in view of the loosely worded provision which is "any place", the same can be given a wider connotation so as to include the place on the internet not confining it to place of entertainment but to extend it to other places also. It is now well settled that when there are new technological inventions or change in circumstances which was not in contemplation at the time when the statute was enacted, the said

invention or technological advancement may be included in the same enactment if they are falling within the same genus provided in the existing enactment.

[***** referred *Comdel Commodities Ltd. v. Siporex Trade SA*²⁷, *Gambart v. Ball*²⁸, *Attorney General v. Edison Telephone Co. of London Ltd.*²⁹, *State of Maharashtra v. Praful B Desai*³⁰ regarding application of law to new technology and continued.]

In view of the same and also the fact that the provision provides for permitting "any place" which itself is loosely worded and is unfettered by any qualification, the said words "any place" have to be construed widely so as to include the place at the webspace or internet in order to give effect to the provision to be operative in cases of newer kind of the infringements being caused at the webspace. This is more so, in the absence of the specific provision relating to infringement by way of apparatus, the law in that situation cannot remain static witnessing the infringements which can be otherwise covered under the Act. The provisions which can conveniently cover the said acts must also be interpreted to include those new acts to make the provision workable for the newer kinds of infringement to the extent the wordings permit so. Therefore, the wordings "any place" under Section 51(a)(ii) of the Act includes the place at the webspace in order to cover the infringements or the wrongs caused at the webspace. The proposition which emerges from the above discussion is that there is an express provision under the Act which prohibits a person from permitting any place including webspace for profit unless the said person is having no knowledge or reason to believe that the communication of the work is infringing in nature.

[***** discussed the notion of infringement by way of authorisation, arguments of parties on infringement and continued.]

I have examined the submissions of the parties carefully and have gone through the plaint, written statement and documents filed by the parties and after doing so, I am of the opinion that the acts of defendants of providing the space on internet or webspace for profit are prima facie infringing in nature. The reasons for my prima facie observations can be discussed as follows:

- a) Firstly, it would be wise to reiterate three propositions which I have already discussed earlier.
 - The provision of Section 51(a)(i) and Section 51(a)(ii) of the Act are disjunctive in nature inasmuch as the word "or" between the two makes it clear that even on satisfaction of one provision, there would be an infringement of copyright.

27. (1990) 3 WLR 1; (1990) 2 All ER 552 (HL).

28. (1863) 32 LJCP 166.

29. (1880) LR 6 QBD 244.

30. (2003) 4 SCC 601; AIR 2003 SC 2053.

- The infringement by way of authorisation would fall within Section 51(a)(i) read with Section 14 of the Act as against the act of permitting the place for profit which is separately provided under Section 51(a)(ii) of the Act.
- There is a distinction between the concept of authorisation as well as the concept of permitting the place for profit and the essential ingredients for establishing the same are also different.

Keeping these three propositions in mind, I have no hesitation to state that the acts of the defendants whereby they are offering the space over the internet, getting the works uploaded through users, thereafter saving in their own database with the limited licence to add, amend, or delete the content and thereafter communicating the said work to the public by providing some advertisements alongside the work or in the alternative gaining advertisements or sponsorships on the said basis thereafter would prima facie tantamounts to permitting the place for profit for infringement as envisaged under Section 51(a)(ii) of the Act.

- b) The said acts of the defendants are certainly falling within the realm of an infringement under Section 51(a)(ii) of the Act. This is due to the reason that the defendants are permitting the place which is place at webspace to the users at large. The said place is not for the profit of the users only but also for the private profits or gains of the defendants. The defendants do not dispute that they are running the advertisement but their stand is that some advertisements are automatically appearing due to the search engines or key words which are typed by the users. The defendants although state that they are not advertising anything or earning anything due to the same. But, I am afraid that it is not the truth, the advertisements which are attached to movie clips or are displayed prior to the starting of the clip or after the movie clip is ended, are not the user provided or automatically emerging ones but are sponsored. There are third kind of advertisements which are displayed till the time work is being downloaded on the website and is ready to play, the said advertisements keep the user busy upto the user reaches the definite target which is intended movie song or movie clips. All this happens only when the defendants permit this to happen and to the advantage of the defendants. Thus, the defendants are certainly earning profits or gains and not doing anything mistakenly or bonafidely without notice as contended by them. There is certainly complete element of commerce attached to it to increase the bandwidth of the users/customers and sponsorship and/or adds. Thus, the defendants are permitting the place for profit.

Now, the submission of the defendants that their acts are without knowledge or no reasonable belief of infringement, therefore, would not fall within Section 51(a)(ii) but would be protected by the later part of the section is also meritless. It is also not difficult now to answer the question of knowledge or reasonable belief which can be immediately discerned due to following factual situations: *Firstly*, the defendants are themselves providing the safeguards in the event of the infringing activities being carried upon their website which means that the defendants have at least reasonable apprehension or belief that the acts which are being carried on the website may infringe someone else's copyright including the plaintiff. The defendants could immediately turn and say that the said provisions are made to prevent the infringement as per the international laws more specifically Digital Millennium Copyright Act ("DMCA") of US. However, the said fact does not preclude this Court from drawing any inference as to the reasonable belief of the defendants that the activities upon their website are infringing in nature. Perhaps the legislature in US is more conscious of these frequent infringements on the internet and that is the reason it has enacted the special Act for these purposes for providing curative measures and thereby giving such acts a legitimate effect by balancing the two interests one of internet infringer and another of the proprietor by providing that the post infringement curative measures as sufficient safeguards for the purposes of infringement and protecting any such infringement liability. But the same may not be legal in the Indian scenario absents such situation. Therefore, this Court can infer the reasonable amount of knowledge by the defendants about the infringing nature of the acts which are going to be carried on the defendants' website when the defendants on their own provide with these measures. Certainly, there is a reasonable belief by the defendants that the acts are infringing in nature.

Secondly, the reasonable belief or knowledge specifically to that of the plaintiff's works is also present in this case. This is due to the reason that the plaintiff has already notified its company name and lists of the titles owned by it. The defendants have also been dealing with the plaintiff prior to the institution of the suit. Thus, the defendants cannot be said to be totally oblivious to the fact that the Bollywood songs which are going to be uploaded on their website may not belong to the plaintiff. Rather the defendants on its own states that while launching India centric operations, the defendants have informed all the music companies about their tools. Furthermore, when the defendants have been notified time and again by the plaintiff about updated works and the defendants are hard pressed to remove those contents. In these circumstances, the defendants stand at this stage that they are totally unaware of the situation is not correct. There is complete knowledge to the defendants of the infringing nature of acts which are going to be carried on their website and rather it

would not be out of place to say that the defendants are also aware that the plaintiff's works are available on the website which are infringing in nature.

Thirdly, the knowledge and reasonable belief for infringement to the defendants can be seen when one examines the mechanism of working of the defendants. The defendants take the limited licence to amend or delete or modify the works suitably from the user. This itself makes it evident that before uploading on the website or making it available on the website, the works in question go into the servers or the computers of the defendants where the programmers modify the said contents or amend the said contents suitably. Rather the said modification also goes to the extent of adding advertisements prior to the clips or after the clips embellishing them, adding logos of the companies. All this is nothing but knowledge about the content what the defendants are displaying, showing, exhibiting. Thus, the defendants stand that they are totally unaware being unconnected with anyone is also *ex-facie* bad. On the contrary at the time of uploading and till the time the said work is made available to the public on search engine form by the defendants, there are sufficient steps including modification (which has a major role) wherein the knowledge of the defendants can be seen.

Fourthly, the knowledge and reasonable belief of infringement is also apparent on behalf of the defendants when the defendants indulge into India centric operation as contended by the plaintiff. It is also stated that the defendants have whole office dedicated to Indian works which caters the Indian consumers. The modifications of the works, India centric offices or operations, adding advertisements of the same language, seeking licences from users to modify or alter the works, informing the major copyright owners about its tool anticipating actions by them or preventing need for licences, all these makes the knowledge more apparent on the face of the record. Thus, clearly due to complete satisfaction of the provision of Section 51(a)(ii), the acts of defendants are *prima facie* infringing in nature, which are violative of Section 51(a)(ii) of the Act.

So far as the act of authorisation is concerned, the said act requires sanction, approval or countenance which are the wordings used in English Judgments which are more than the mere act of knowledge. I have already distinguished the authorisation which would fall within Section 51(a)(i) from that of Section 51(a)(ii) of the Act which expressly provides knowledge or reasonable belief as only tests for satisfaction. I shall now examine and test the acts of defendants on the principles of authorisation.

[***** discussed the cases on authorisation and continued.]

I have gone through the rival submissions of the parties. While testing the acts of the defendants on the threshold principles available

under the common law, the doubts can be expressed at the *prima facie* stage whether the plaintiff has completely discharged its onus of proving as to whether the acts of communicating the musical works, sound recordings are actuated by the countenance, approval or not. Mr Sibal has taken pains to inform this Court that there is an element of control which has been exercised by the defendants. However, I am not fully satisfied whether the said factors enumerated by Mr Sibal would sufficiently establish at this *prima facie* stage such degree of control by the defendants which can also be called as approval or countenance or sanctioning. No doubt, I have arrived at the *prima facie* view that there is knowledge which is clearly present at this stage wherein the defendants are aware what they are communicating. But the act of approval or sanction requires the defendants' participation, exercise of control besides knowledge which I feel is a question which can be determined only at the time of trial as at this stage it is not clearly emerging from the documents as to the state of affairs after the knowledge which may be relevant for establishing the authorisation. This is also more so because the approval or sanction is required to be established particularly towards the present acts of infringement which is difficult to comment upon at this stage.

In addition to the above, one more thing which needs to be considered is that the defendants plead that the acts of the defendants are not authorisation, to which I have already answered the same at this stage. However, once the plaintiff informs about the works owned by it to the defendants, the said defendants thereafter attain knowledge not only of the means to be used for infringement but also the knowledge about the rights of the plaintiff. The necessary consequence which follows from the same is that once the defendants are put to notice about the rights of the plaintiff in relation to the particular works, thereafter the defendants cannot continue to do the said acts in relation to the works for which the details have been provided without the permission of the plaintiff. In that event, the defendants after putting to notice immediately steps into the shoes of the ordinary infringer under Section 51(a)(i) of the Act who is aware of the rights of the plaintiff (copyright owner) and then the question of authorisation becomes irrelevant and the acts are to be adjudged from the standpoint of ordinary infringement. The defendants have already stated in the written statement that the arrangement done by the Division Bench is the possible solution to this proposition arising in the present case. The defendants' counsel has also stated that he would have no objection if the order passed by the Division Bench is continued. Thus, the defendants' acts are infringing in violation of Section 51(a)(i) of the Act once the defendants are put to notice about the plaintiff's rights in the respective works and in the event the defendants do not turn down the same or allow the repetition to happen.

In these circumstances, I am of the view that though the acts of the defendants are prima facie infringing in view of the satisfaction of provision of Section 51(a)(ii) of the Act but the question of the authorisation requires further proof of participation which has to be tested at the time of trial. Nevertheless, the defendants are infringing the plaintiff's work as their acts are falling within the alternative or disjunctive requirement for infringement under Section 51(a)(ii) of the Act. Further, the defendants' act may become infringing if the defendants do not turn down or allow the repeated uploads to happen after put to the notice about the plaintiff's rights in the said works.

[**** discussed the issue of jurisdiction, applicability of the provisions of Information Technology Act (IT Act), application of law of US, other countries, international conventions and continued.]

I have gone through the submission advanced by the learned counsel for the defendants and I reject it being meritless. This is due to following reasons I find that the said post infringement measures may not be prima facie sufficient safeguards for the infringements:

- a) *Firstly*, I wish to again discuss Section 51(a)(ii) of the Act read with Section 55 proviso, the wordings of which nowhere permits any room for due diligence to be exercised by the infringer and only provides an exemption for mistaken infringement on the count of lack of knowledge or the person was not aware of the said infringement. Under these circumstances, permitting this kind of due diligence post infringement would mean reading the words into the statute which would be impermissible under the canons of construction when the statute does not provides so.
- b) *Secondly*, I have already concluded separately that provisions of IT Act would not curtail the remedies under the Copyright Act and Patents Act by virtue of the proviso of IT Act. In these circumstances, the provisions of Section 79 cannot also allow to militate against the case of established infringement under Section 51 and Section 55 of the Act.
- c) *Thirdly*, there are no safeguards provided under the Copyright Act for the infringement in the cases like the present one wherein there is a knowledge and exercise of due diligence post infringement. Rather, the conjoint reading of Section 51 of the Act and proviso to Section 55 of the Act makes it clear that the knowledge or no notice of the infringement can only assist the defendants in resisting the damages and not the injunction. However, in some cases like the present one under Section 51(a)(ii) of the Act, lack of knowledge can save the liability of infringement as the same is the ingredient of the section. But certainly, there is no provision which can save the liability when there is an apparent knowledge and exercise of due

diligence post infringement. I have already formed an opinion that the defendants are aware and has reasonable belief of infringement and thus the exercise of due diligence after the infringement cannot operate in favour of the defendants to escape the liability.

d) *Fourthly*, if there is any due diligence which has to be exercised in the event of absence of any provision under the Act, the said due diligence must be present at the time of infringement and not when the infringement has already occurred so that the infringement can be prevented at the threshold and not when the same has already occurred. The post infringement measures like the ones informed by the defendants which are in compliances of US statute may hold good in US due to the legislative measure but the same are not operative in India. Such post due diligence on the ground of some inherent helplessness which the defendants are pleading only because they are sitting on internet or cyberspace may not be correct as the law does not exclude cyberspace from its purview to do infringements there. The defendants have sufficient means to modify the work by taking licences from the users, adding advertisements to the works of the plaintiff. Consequently, the effective means for pre-infringement enquires are also necessarily have to be performed by the defendants only. If the defendants state that there is no means to do so due to some impossibilities, the defendants must take preliminary measures at the time of modification of the works and prior to making them available to the public so as to ensure that the same does not infringe anyone's copyright.

It gives me no hesitation to state that the compulsion which the defendants are pointing out of lack of corrective measures at the first instance due to multiplicity of the works or uploads and also the diversified business of the defendants is not only the plea taken by the defendants for the first time in any infringement action relating to copyright infringement. It is rather applicable to any case of infringement. Take for instance, the case of music library or shop selling movies for hire wherein the defendants take the plea that due to multiplicity of numbers or titles, one cannot identify the pirated ones from the originals. But this kind of argument or plea cannot preclude the labour or burden which the defendants ought to have exercised while taking into the possession the pirated titles by enquiring as to whether they are belonging to the owner or emanating from owner or not. The situation will become more complex when the same movie seller or person giving for hire will start keeping the international titles like Hindi Movies, English Movies, French Movies and Pakistani titles. The said labour then increases manifold and the said justification also gains more strength when he says that due to several sources, it becomes virtually impossible to keep a hold of the each and

every title whether original or duplicate. Even if the said person states that once it is brought to his notice by the customer or the owner that it is an infringement, he immediately removes the said title from the library or the shop. The said acts cannot save him from the liability of the infringement.

Likewise in the present case, the labour or the due diligence is the enquiry by the defendants themselves to be exercised. The nature of portal due to which the defendants feel helpless is of less avail to mitigate the liability unless there is a statutory exemption to that effect [like in Digital Millennium Copyright Act ("DMCA")]. The defendants can do many things to stop this, first that it can enquire at the stage when the defendants modify the works, at that time the defendants can enquire about the titles of the work and about ownership, secondly at the time of the uploading by the user, the content should not immediately be made available to the public, the defendants can put them to the halt subject to enquiries of the titles or authentication of the proprietor and thereafter make them available to the public.

There is no reason to axiomatically make each and every work available to the public solely because user has supplied them unless the defendants are so sure that it is not infringement. If the defendants cannot exercise diligence of this nature, the necessary inferences can be drawn is that the defendants are making itself liable for infringement by its inactions to enquire about the source of the works at the appropriate stage. Thus, even if the post infringement measures which may be acceptable in certain legal systems due to the specific legislations may not hold good in India when the statute in India does not cull out any such exception as mitigating factor.

[***** discussed the arguments on reliefs and continued.]

Consequently, the present case warrants the grant of interim injunction for the purposes of prevention of infringement of the plaintiff's works. However, this Court is not precluded from granting the interim relief in the moulded form so that the infringement can be prevented which is in fact the relief asked by the plaintiff in its interim application. Accordingly, the following interim directions and orders are passed:

- a) The defendants, their agents, representatives, servants, their officers or any person on their behalf are restrained from modifying the works (more specifically the works of the plaintiff), by adding advertisements to the said works of the plaintiff adding logos and/or sponsorships to the works, or earning profit otherwise in any manner in relation to the said works consequent upon uploading to their website/webpace of www.myspace.com or in.myspace.com without making endeavours to enquire the ownership of the plaintiff (as at that stage of modification, the defendants have all means

- to enquire about the same) and thereby making them available to the public either by displaying (or playing or exhibition) of on the website or allowing the downloading from their website or otherwise of the said works in the modified form which will lead to permitting the place for profit within the meaning of Section 51(a)(ii) of the Act and causes infringement of copyright of the plaintiff.
- b) In relation to the future works of the plaintiff to be uploaded by the users other than those which are mentioned in (a), it has been stated by the Division Bench in the written statement that the order passed by the Division Bench is only possible solution and have also during the course of the arguments agreed that the defendants would not be inconvenienced if the order passed by learned Division Bench is continued. Accordingly, the defendants shall delete the works of the plaintiff as and when the plaintiff provides the details of its songs and films which have been uploaded on the website of the defendants, the defendants shall immediately take remedial measures to remove the same from its website not later than one week from the date of such communication.
- c) Further the defendants are also directed to verify from the plaintiff independently without waiting for the direction under (b) to be complied with by the plaintiff on their own by other means continuously or through its India centric operations about the ownership status or updations in the works of the plaintiff and shall do their honest endeavours on their own to remove the offending content or infringing works immediately after gaining the said knowledge.
- d) In relation to the works of the plaintiff which are already turned down once by the defendants, the defendants are restrained from further allowing the continuation of the uploads or its existence on its website of the same works which have already been turned down/deleted by the defendants at the behest of the plaintiff's request. This has been already stated by the defendants by explaining their various tools for preventing infringement wherein the defendants possess the necessary tools and the technology which identifies and prevents the repetitions in infringements after its first posting and deletion. Accordingly, the defendants are directed to ensure the deletions and the preventions of repetitions on their own after putting to notice by the plaintiff about the works by availing their own tools and not by calling the plaintiff to do this by some subscription.

In this way, the parties in the interim can prevent the infringements and its occurrence on the website of the defendants till the disposal of the suit. The orders passed in the interim applications are tentative in nature and does not come in the way of the Court at the time of hearing of the matter after the completion of the trial.

POINTS FOR DISCUSSION

1. Do you agree with the interpretation of the term "any place" in Section 51 to include internet/webpace?
2. Comment on the following observation of the Court:

In absence of such amendment in the Indian Act and in view of the loosely worded provision which is 'any place', the same can be given a wider connotation so as to include the place on the internet not confining it to place of entertainment but to extend it to other places also. It is now well settled that when there are new technological inventions or change in circumstances which was not in contemplation at the time when the statute was enacted, the said invention or technological advancement may be included in the same enactment if they are falling within the same genus provided in the existing enactment.

3. Discuss the reasons given by the Court not to accept the defence of the exemption from liability of service provider in case of secondary infringement. Do you think that they are justifiable in the context of the Court expanding the scope of "any place" to include internet/webpace keeping in view technological changes?
4. Discuss the application of "infringement by authorisation" under Section 51 of the Act.
5. Discuss the scope of Section 52(1)(b) and (c) introduced by the Copyright (Amendment) Act, 2012 to protect the interest of internet service providers. Do you think that the defendants in this case can get protection under these provisions?

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PATENT

Though there is no express provision under the Indian Patents Act stating what constitutes infringement, the general understanding that infringement of a patent occurs when someone does anything which falls within the exclusive rights of the patentee, without his consent, holds good. A patent is said to provide an "absolute" monopoly in the sense that a

patent may be infringed regardless of whether or not the defendant copied the invention, or was even aware of the invention or of the patent. Thus, it is different from copyright wherein copying is an essential element of infringement.³¹ The Patents Act, 1970 recognises some exceptional situations when the use of patent do not constitute infringement of the patent, like government use;³² experiment, research or for the purpose of instruction;³³ and by way of distribution in government hospitals, in the case of medicine or drug.³⁴ It also permits the making, constructing, using, selling or importing of the patented invention solely for uses reasonably related to the development and submission of information required under any regulatory law in force in India.³⁵

Since the claims in a patent specification are the principal determinants of the scope of the monopoly, interpretation of claims is the main issue in an action for infringement. Activities, which fall within these claims, require the patentee's consent if they are not to infringe.³⁶ The need for claim construction is necessitated by two conflicting interests. First is interest of the inventor not to be destined to lose his right of exclusivity of all or part of his invention by reason of the imperfection of the legal system; the second interest antithetical to this is the interest of the public to be kept informed of the limits of the inventor's rights, enabling others to formulate and build within the public domain beyond the patentee's rights. Reconciling these conflicting purposes is the essence of claim construction.³⁷

There could be two types of claim construction: one, trying to recover from the ambiguities of language of a true picture of the invention that was sought to be patented; the other, limiting the invention to words of the claim. The American system recognises the inability of words to achieve precision and hence in claim construction there is an enquiry into the intended meaning of the words used to define an invention. Some are of the view that the ambiguity in the words of the claim is to be construed against the drafter, allowing the public to practice any advance that is not clearly within the claims.³⁸ The contrary principle is embodied in the "doctrine of equivalents". Its purpose is to protect the patentee from the shortcomings of language. The doctrine of equivalents holds that one cannot avoid infringement by making immaterial or

31. Simon Thorley *et al.*, *Terrell on the Law of Patents* (16th Edn. 2006) 300.

32. Ss. 47(2), 99-103.

33. S. 47(3).

34. S. 47(4).

35. S. 107-A.

36. Cornish and Llewelyn, *Intellectual Property* (5th Edn., Sweet & Maxwell 2003) 165.

37. Robert C. Kahl, *Patent Claim Construction* (Aspen Publishers Online 2001) 1-8.

Also see, Simon Thorley *et al.*, *Terrell on the Law of Patents* (16th Edn. 2006) 122.

38. Robert C. Kahl, *Patent Claim Construction* (Aspen Publishers Online 2001) 1-8.

insubstantial changes to the patented subject-matter and take it beyond the scope of the patent claim using the loopholes in the language of the patent claim.³⁹

Before the decision in *Catnic Components Ltd. v. Hill & Smith Ltd.*⁴⁰ there were two approaches to the question of infringement followed in England. First was the method of strict literal interpretation of the claims which focused on "textual infringement". The effect of this was twofold. First, the draftsmen needed to perfect the art of generalisation covering all variants concisely; secondly, disputes about interpretation of claims became of central significance, both in deciding what constitutes infringement and determining the validity of patent itself.⁴¹ However, this method was thought insufficient to handle situations which enabled the potential infringer to avoid infringement by incorporating immaterial variations.⁴² This led to the development of the so-called "Pith and Marrow" doctrine which equated taking the essence or substance of the invention without textual infringement with infringement.⁴³ But this doctrine was always considered "a bit vague"⁴⁴ and in the *Catnic case*⁴⁵, the House of Lords resorted to what is called "purposive construction".

In India, there is no instance of any serious judicial attempt to claim construction. The recent attempt by the Delhi High Court in case of infringement of pharmaceutical patent is discussed below.

F. HOFFMANN-LA ROCHE LTD. v. CIPLA LTD.

(2012) 52 PTC 1 (Del)

JUSTICE MANMOHAN SINGH

Two plaintiffs, namely, F. Hoffmann-La Roche Ltd. and OSI Pharmaceuticals Inc., have filed the suit for permanent injunction restraining infringement of patent, rendition of accounts, damages and delivery up through their duly constituted attorney, namely, Mr. Shivprasad Laud, against Cipla Ltd. Mumbai, having its office also at Delhi. The plaintiff No.1 company claims that it is one of the world's leading research-focused healthcare groups in the fields of pharmaceuticals and diagnostics. It is stated in the plaint that for the purpose of research and development, the said plaintiff engages inter alia into collaborative

39. *Ibid.*, 2-54.

40. 1981 FSR 60; 1982 RPC 183 (HL).

41. Cornish and Llewelyn, *Intellectual Property* (5th Edn., Sweet & Maxwell 2003) 165.

42. Simon Thorley *et al.*, *Terrell on the Law of Patents* (16th Edn. 2006) 130.

43. For a detailed analysis of the case law discussing this doctrine, read William Aldous *et al.*, *Terrell on the Law of Patents* (13th Edn.) 174-77.

44. *Ibid.*, 2-54.

agreements and alliances with numerous partners and invests approximately 7 billion Swiss Francs in such activities.

It is averred in the plaint that the plaintiff No. 2 jointly owns a patent with Pfizer Products Inc. in respect of a small drug molecule medically termed as a Human Epidermal Growth Factor Type-I/Epidermal Growth Factor Receptor (HER/EGFR) inhibitor which is popularly known as "Erlotinib" (pronounced as err-lot-i-nib). This drug marked a major breakthrough and innovation in the treatment of cancer and is used to destroy some types of cancer cells while causing little harm to the normal human cells. Various tests conducted on this drug have shown a marked increase in the survival benefit in the patients suffering from advanced or metastatic non small cell lung cancer, the metastatic NSCLC is most prevalent form of NSCLC being the most prevalent form of this cancer.

This drug is administered in the form of a tablet. The tablet formulation of Erlotinib is sold by the plaintiffs under the trademark and name of "Tarceva", which is registered in the name of plaintiff No. 1. The drug Erlotinib and its formulation "Tarceva" has been approved by the US Food & Drug Administration in the year 2004 and thereafter by the European Union in the year 2005. [**** discussed the background and continued] Under these circumstances, it is averred by the plaintiffs that the plaintiff No. 1 is actively engaged in manufacture, marketing and sale of the innovative drug Tarceva (Erlotinib) in various countries including India. The plaintiff No. 1 introduced Tarceva in India sometime in April 2006. The announcement regarding the launch of Tarceva by Roche Scientific Company (India) Pvt. Ltd., a wholly owned subsidiary of the Roche Group in India, was given wide publicity by the media inter alia in view of its importance in the cancer treatment.

The case of the plaintiffs against the defendant is that the defendant is also engaged in manufacture and marketing of pharmaceutical and health care products in India and the plaintiffs had learnt that the defendant is involved in several actions for violation of intellectual property rights including patent rights as the plaintiffs noticed from various news reports appearing in the print as well as electronic media about the plans of the defendant to launch a generic version of the drug Tarceva (Erlotinib) in India and also for exporting the same to various countries. One of such reports appeared on 11 January 2008 in an English daily "Mint" published by the Hindustan Times Group and from the aforesaid report, for the first time the plaintiffs came to know about the plans of defendant to infringe and violate legal rights of the plaintiffs with regard to patent.

[****]

Infringement of Patent

Whether the manufacture, marketing and sale of ERLOCIP by defendant is infringing the plaintiffs' Indian Patent 196774? [**** discussed the claims and continued.]

Rule of Construction of Suit Patent Claim

The first question for the purposes of the discussion on the aspect of the infringement of patent which arises for the consideration is that how the Court has to test as to whether the impugned product is infringing the patented subject-matter especially when there is a patent claim on the subject and there is a product which may not be strictly covered within the patent claim but contains something else as well in form of variant or reactants.

As per the plaintiffs, the test is that the Court has to see what has been claimed in the patented invention and the product in question and if the product which is claimed is subsumed within the product which is stated to be infringing, the infringement is established. As per the plaintiffs, the Court has to look only claims and product and if there exists ambiguity, then the resort must be taken to the specification and nothing else. In effect, the plaintiffs state that the Court has to interpret the claim or specification strictly and compare it with the product which is impugned in order to find out infringement. I find the said tests appears to be correct so far as it relates to simplicitor infringement cases where the impugned product is straightaway subsumed in the claimed portion of the invention without anything else in the said product. However, the question remains whether the said test is determinative one even in cases where there exists a patented claim for a product and another product which may substantially contain the patented product but also contain some other variants or some other parts in addition to the patented article or product. I think this requires some discussion as the answer to this question will enable this Court to determine in the infringement in instant case as well. The enquiry as to answer to this question gains importance in view of the finding arrived by me above that it has been established on record that the plaintiffs' product is a Polymorph B version of the compound due to manifold reasons explained above. Therefore, the answer to this question will aid the decision of the infringement in the instant case too.

True, it is that the Court has to strictly follow what is claimed in the invention and compare it with the product which is alleged to be infringing the patent. But the said rule of construction is not without an exception. There may arise certain cases where the product which is alleged to be infringing does not completely corresponds to what has been claimed in the patented invention of the product. The product may be seemed to

be substantially containing the patented product but also contain some parts or variants other than the same also. The Courts have in those cases developed a different rule of construction of the patent claim and specification which is a slight departure from what has been stated by the plaintiffs in the present case.

The Courts in such cases have evolved the rule of the purposive construction of the patent claim so that in the cases wherever the need be, the claim in the invention is not construed too narrowly which was never the intention of the inventor and not the purpose of the said invention so that the maximum benefit should be given to the inventor by not interpreting the patent claim in a pedantic manner and giving the same an effect which was the real purpose for which the product was invented in furtherance of the practical approach. The said rule of purposive construction was used for a long period of time in the Court of appeal in England and time and again the same was approved to accord the benefit wherever possible to the inventor of the patent. However, the Courts have from time to time thereafter also faced a situation where the resort was taken to such construction of the patent claim in order to enlarge the scope of the patent, which was never the intent or the purpose of the said invention, the Courts also came across the cases where the properties and characteristics of the product significantly varied from what has been claimed in the patented invention. Those were the cases where the alleged infringing product contained some additional variant or the part in addition to the product or process under patent, the Courts in such a case answered the said question by laying down that much shall be dependent upon the role of the said variant in the said product. The cases in which the role of the said variant is inconsequential in nature and does not change the nature and characteristics of the article, then in those cases, the product in question is an infringement of the patent, in all other cases, where there is a role of such variant which may alter the characteristics and quality of the said product or process, there is no infringement of the patent. However, what is a role of such variant in each case is essentially a question of the fact and same shall depend upon case-to-case basis.

This rule of purposive construction aimed at following the practical approach by finding out the purpose behind the invention was laid down by Lord Diplock sitting in House of Lords in the famous case of *Catnic Components Ltd. v. Hill & Smith Ltd.*⁴⁶ In the famous speech of Hon'ble Lord Diplock, it was observed thus: [**** quoted and continued.] In view of the above observations and the line of authorities emerging from UK, it is clear that the test laid down by Lord Diplock in *Catnic*⁴⁷ holds the field and is a good law. The said case of *Catnic* has been followed by

46. 1981 FSR 60; 1982 RPC 183 (HL).

47. *Ibid.*

the Indian Courts time and again while evaluating the patents in India so far as it relates to obviousness and infringement claims and therefore the approach laid down in *Catnic* is not alien to the Indian context and consequently can be conveniently relied upon by the courts in India.⁴⁸

To take the discussion further, the rule of purposive construction laid down by Lord Diplock does not rest here and the Courts have taken this test further in order to analyse the infringement claims in the future patent claims by applying conveniently either the rule or the exception or the exception to exception depending upon the facts and circumstances of the case as to in which case there are major variants added in the product or claim and in which case there are minor variants added to the patented claim. [**** quoted from judgments and continued.]

To sum up this discussion on *Catnic* and *Merck*⁴⁹, at this stage, it is relevant to note the aforementioned observations of the Courts and also the test which is that in the cases where the product contains further variants or reacted versions of the compounds claimed in the patent, not merely the claim in the specification is relevant but also all the facts correlating the said invention with that of the role of such variant or reactant are also important and necessarily to be looked into by the Court seized of such kind of patent infringement suit while construing the patent specification vis-à-vis the product or process in question.

This persuades me to reject the first submission of learned Senior Counsel for the plaintiffs that the test is that the Court has to look into the claim and the product and nothing else and no further document can be imported to draw such inference. As I have found during the course of my discussion above as held in the *Merck* that the claims are not always decisive, the factors which correlate the role of the variant and reactant with that of the patented claim are also relevant, therefore the Court can see all such documents and draw inference accordingly after analysing everything.

Let me now apply the tests laid down in *Catnic*⁵⁰ and *Merck*⁵¹ to the facts and circumstances of the present case. As seen above, it is already established fact on the evidence that the plaintiffs are making a product which is a Polymorphic version B of the compound Erlotinib Hydrochloride in view of the plaintiffs' inability to provide any positive evidence to dislodge the claim of the defendant that the plaintiffs are doing so and time and again maintaining that the Polymorphic version is subsumed

48. See, *Bajaj Auto Ltd. v. TVS Motor Co. Ltd.*, (2008) 1 LLJ 726; (2008) 1 MIPR 217, where *Catnic* case has been relied upon by the Madras High Court and same has been confirmed by the Division Bench while deciding the appeal on 18-5-2009, although it is another matter in that case how the said approach was used depends upon the facts of that case.

49. *Merck and Co. Inc. v. Generics UK Ltd.*, 2004 RPC 31.

50. *Catnic Components Ltd. v. Hill & Smith Ltd.*, 1981 FSR 60; 1982 RPC 183 (HL).

51. *Merck and Co. Inc. v. Generics UK Ltd.*, 2004 RPC 31.

in the underlying patent which is IN'774 and all other reasons discussed above. The stand what the defendant is taking is that the defendant is making what the plaintiffs are making which is the Polymorphic B version of the compound which was never intended to be included in the patent and does not even corresponds with the patent claim. To which, the plaintiffs' response is two-fold, first is that the defendant is making Erlotinib Hydrochloride which is under suit patent and the said position is thus disputed, second is that in any case whatsoever is the case, due to manifold reasons and admissions discussed and enumerated above, the defendant's Polymorphic version B if any shall still fall within the ambit of the suit patent. I shall now discuss both the said positions of the plaintiffs after applying the test of comparison in the present case.

It is the case of the plaintiffs that the plaintiffs are concerned with claim 1 of the Compound namely Erlotinib Hydrochloride. It is seen that the onus is on the plaintiffs to show that the said product of the defendant corresponds with the patent claim which is subject-matter of IN'774. The said onus is independent to that of what position defendants take in the proceedings. As seen above during the discussion of *Catnic* principle which is that whether the patent claim subsumes the product or the process impugned is a matter to be examined from the standpoint as to whether the patentee could have reasonably included the said product or process in question which he is impugning on the fair reading of the invention. The said onus is thus operating independent and dehors to the position which the defendant takes in the infringement action. This is due to the reason that it is the plaintiffs who are alleging that there is an infringement of the patent claim and not the defendant. The plaintiffs in the instant case could have discharged the onus by way of establishment of the following facts which are germane to the present controversy:

1. By showing through the positive evidence which include the medical and clinical evaluation of the product of the defendant and all other facts incidental thereto to establish that the position which the defendant is taking that the defendant's product is a Polymorphic version B of the suit patent compound is incorrect and actually the said version is the same which corresponds with that of the plaintiffs' patent. The plaintiffs do take the said position but not by way of showing the evidence of the nature stated in this point but rather taking another route of admissions, the impact of which shall be discussed later in this head.
2. If the plaintiffs were unsuccessful in doing above in the instant case, the plaintiffs could have then proceeded to approach the present proposition by establishing that the fact through giving some positive evidence in the form of depositions that how the role of the reactants with which the patented invention is reacted pursuant to

the arriving at the product or process in question is bare minimal and the same is sufficiently covered within the ambit of the patented claim. As seen above in the case of *Merck*⁵² and *Catnic*⁵³, this is essentially a question of fact. The said fact finding is impossible without the aid and assistance of the plaintiffs by showing the positive evidence towards the establishment of such fact. The positive evidence towards establishing the said facts could have been done by deposing on the following facts:

- The fact as to what is exactly claimed in the patent claim as a compound.
- The fact as to what is actually the Polymorphic version B of the said compound Erlotinib Hydrochloride.
- The fact as to how many reactants or variants with which the Erlotinib Hydrochloride as a compound is reacted with in order to arrive at the Polymorphic version B of the same.
- The fact whether the properties and the characteristics of the said compound changes or varies after the said variants or reactants are reacted with or not. The plaintiffs in order to show that there is an infringement should have deposed to the effect that the said properties and characteristics are not changed pursuant to the reaction.
- The fact that whether the change if any to the property or characteristic is based on the role of the reactant in the said process of crystallisation or otherwise due to the presence of the main compound itself.
- The fact that the conversion of the Polymorphic version B from the main compound which is combination A and B is not based on the major reactants and the result of minor reactants or variants, the role of which is inconsequential to the products and thus the same is impliedly covered or purposefully covered within the purview of the claim contained in the specification.
- The fact that the defendant is making the Polymorphic version B and consequently on the basis of what has been deposed above is an infringement of the patent.

These are some of the facts which should have been deposed by the plaintiffs in order to discharge the onus of proof to show that there is an infringement done by the defendant by manufacturing the Polymorphic version B which is sufficiently covered in the main compound due to the aforesaid reason. The above stated list is not exhaustive but is inclusive inasmuch as the plaintiffs could have shown some other facts connected to the aforementioned fact

52. *Ibid.*

53. 1981 FSR 60; 1982 RPC 183 (HL).

finding enquiry. Curiously, the plaintiffs do not adopt either of the route towards establishment of the facts in order to arrive at the infringement. I think there are certain reasons behind it which according to me are relevant for the consideration:

If the plaintiffs could have followed point 1 approach, then by the establishment of the fact that what is contained in the product of the defendant is sufficiently covered in the suit patent by clinical examination of the product of the defendant, the infringement could have been proved on balance of probabilities. The only basis which is emerging for not following the said approach is due to the reason that the plaintiffs are themselves aware that the tablet version of the compound Erlotinib Hydrochloride cannot exist in the form as contained in the claim of the suit patent. This has been clear if one reads the US'221 wherein it is stated that after much reactions are done with several elements at the relevant temperature, the crystallised version and pure form of the Erlotinib Hydrochloride is arrived at which is sold in tablet form. As the plaintiffs were aware that the tablet form could not have contained the exact version of the claimed compound as they have themselves made the tablet in a stable form after obtaining a subsequent patent in US'221, corresponding to IN'507 which has been refused in India on the ground of Section 3(d) of the Patents Act 1970. Having known all this, the plaintiffs have consciously not followed the said approach 1 as enlisted above and rather followed a middle path on the basis of some existing facts by picking and choosing the versions of the parties from here and there in the collateral litigations. I think the same by itself is not sufficient discharge of the onus which is independently casted upon the plaintiffs to show that the invention of the plaintiffs under IN'774 subsumes the product in question of the defendant. Therefore, the plaintiffs have followed this indirect route by relying on some stands taken in the case of the defendant from time to time and not by directly adducing any positive evidence to dislodge the defendant position that the drug in question is made on the basis of Polymorphic version B of the compound. The other reasons stated below would further unveil as what compelled the plaintiffs by taking such stand and not adducing the direct positive evidence towards the establishment of the facts essential and material to determine the infringement.

The plaintiffs have not followed the approach 2 as the plaintiffs do not want to adduce an evidence to the effect that the role of the reactants or the variants attached to the said

compound is minimal which though may somewhere include their Polymorphic version B in the suit patent compound but will directly affect their declaration made before the US patent office in US'221, as the same will undermine the novelty, inventive step of the said invention claimed therein. The fact of the claiming patentability in such Polymorphic version B itself is indicative towards drawing an inference to the effect that the role of the reactants or the variants and the experimentation thereof is not minimal to subsume the said version within the claim of Indian Patent. The said reactants and variants have major role as propounded by Lord Diplock as well as Laddie J in *Catnic*⁵⁴ and *Merck*⁵⁵ which will materially affect the working of the product as evident from the US'221 specification which reads that the said Polymorphic version B is more stable and consists of several steps of chlorination and then further reactions described in DW1/9, for which reason the said invention as the plaintiffs is new and persuaded them to file a new patent in US in the year 2002 as well as in India. The question which can be then to be asked is if the role of the reactants was so minimal so as to subsume in the main compound, then how can the same very role of reactants to the compound can persuade the plaintiffs to secure the patent in US. What follows from the same is that the plaintiffs by securing the patent successfully in US, are not in the position to contend before this Court that the said role of reactants is minimal. That is the major reason why the plaintiffs have also not followed the approach 2 by way of establishment of the fact finding as noticed above.

What is left by not following the above stated approaches is the case of the plaintiffs before this Court which is that the plaintiffs' attempt to discharge this kind of independent onus by pinpointing the facts from here and there from the stands taken by the parties during the progression of the proceedings and calling upon this Court to draw an inference as to the establishment of the infringement therefrom. [***** discussed the evidence by the plaintiffs and continued.]

The sum total of all this discussion would be that the plaintiffs have not been able to show by way of positive evidence as to what is the exact nature of the plaintiffs' and defendant's products which are being sold in the market, further, whether the said products corresponds exactly with the claim of the suit patent is also not established. The plaintiffs have not been able to provide any evidence as to whether the Polymorphic version

54. *Ibid.*

55. 2004 RPC 31.

if at all is included within the same patent claim (except by making legal arguments and arguments on some alleged admission), if so, then what is the role of the reactants with which the claimed compound is reacted in order to arrive at the Polymorphic version and whether the properties and characteristic of the Polymorphic version corresponds with that of the suit patent. Consequently, the plaintiffs have not been able to discharge such onus of proof upon the plaintiffs in relation to establishment of such facts which would aid towards establishment of the infringement of the patent. [***** discussed the US and EU patents and continued.]

From the reading of the aforementioned paragraphs of the specification of US'221, the following facts can be deduced:

1. The said compound namely N-(3-ethynylphenyl)-6-7-bis(2-methoxyethoxy)-4-Quinazolinamine exists in different Polymorphic versions and what contained in US'498 which corresponds to IN'774 is a combination of the Polymorphic A and B version of the said compound.
2. The stability of the compound varies with the existence in the different Polymorphic forms and the most stable is the one in form B which forms subject-matter of US'221 and the same is rejected in India in the form of IN'507.
3. The Polymorphic B version is preferred in tablet form over the combination form due to its reduced stability.
4. Stability has been a matter of concerns for the patients.
5. There are several steps involved in reactions of the said compound in order to arrive at the pure Polymorphic form B.
6. Not merely the form changes and the characteristic changes, but the working of the invention also changes as the dosage also gets affected by the change in the Polymorphic form B as stated above.

The above facts noted in the specification of US'221 are nowhere clarified by the plaintiffs as incorrect which are relevant to qualify the tests of the construction of their claim in the present suit patent. Upon the entire reading of the said specification of US'221 and the facts contained therein which are facts correlating the product in question with that claim of the suit patent, upon evaluating the current stand of the plaintiffs that IN'774 sufficiently includes Polymorphic version in oral arguments, it is difficult to reconcile as to how both the stands can co-exist and also the case of the plaintiffs is believable.

Applying the *Catnic*⁵⁶ approach, it is beyond the cavil of any doubt that either the said process of arriving at Polymorphic version B is stated to be innovative enough by the plaintiffs themselves to sustain a new patent or to be called as patent in itself or else the said role of the reactant could have been bare minimum in the said Polymorphic version B which

56. *Catnic Components Ltd. v. Hill & Smith Ltd.*, 1981 FSR 60; 1982 RPC 183 (HL).

means that the same can be covered in the suit patent. In absence of the explanation of the said role either as a major or minor reactants coupled with the fact that both in India as well as in US, the plaintiffs have applied for the patent for the said process and product separately than the underlying compound, the purposive construction of the claim and the specification of IN'774 clearly indicates that the said plaintiffs did not intend to include the Polymorphic version B in the suit patent IN'774. It can also be said that this will fall in an exception to the rule of applicability of the purposive construction as no benefit can be given to the plaintiffs under the existing patent claim. This inference can be easily drawn in the absence of any positive evidence towards disproving the said fact by indicating that the role of the reactants was minimal and rather inconsequential. Resultantly, the plaintiffs have not been able to discharge their burden towards proving an infringement of IN'774 committed by the defendant.

The plaintiffs can argue that the IN'507 which corresponds with US'221 which has been relied upon by this Court to infer the role of reactants have been rejected in India on the ground of Section 3(d) and obviousness and thus there was in fact no role of the reactants in the Polymorphic version and the said inference is incorrect. I think there is inherent defect in such an argument due to the reason that the mere rejection of the Indian Patent on the ground of new form of the old compound does not automatically minimise the role of the reactant as inconsequential on basis of which the compound was worked upon. There may arise a case where the reactant role is still substantial in nature but they are mere workshop results and not innovative one which may exclude Polymorph from the suit patent and at the same time leads to rejection of new patent on the ground of being obviousness or lack of novelty.

In this context, I find my respectful agreement with to the test laid down by Justice Laddie in *Merck*⁵⁷ which is that the obviousness in the context of the patentability cannot be equated with the obviousness in relation to person who is given a specification to arrive at the product containing variant is concerned. If in the later case, the said person has to do the further experimentation, then the same would fall outside the scope of the claim in the original patent. I therefore think the rejection of IN'507 does not affect the role of reactants which has remained unexplained throughout the present proceedings.

Now I shall deal with the plaintiffs' attempt to show infringement and how the same does not discharge the onus of proof one by one. The plaintiffs have attempted to establish infringement on the basis of what has been written by the defendant on its packaging of the drug which is Erlotinib Hydrochloride and what has been declared by the defendant

57. *Merck and Co. Inc. v. Generics UK Ltd.*, 2004 RPC 31.

before the authority. It has been contended that the defendant has not made any reference to any Polymorphic version of the compound anywhere on the product and therefore this Court should find that the onus as to establishment of the infringement to be proved. I think the existence of the said fact by itself does not establish infringement. It must be remembered that the present claim of the plaintiffs is premised on the right of the plaintiffs in the patent of a chemical compound, therefore the infringement of the same has to be established by corresponding chemical analysis of the defendant's product and not by mere comparison of the labels, strips or what is written thereon to show that there is an infringement. The said description of the defendant's product nowhere indicates as to which form of the compound, the defendant is making. The defendant has categorically stated, it is making Polymorph B version which corresponds to the Tarceva product, to which the plaintiff has not lead any direct evidence, therefore the mere comparison of trade description, label, drug approvals are insufficient to arrive at the conclusion as to infringement of what is claimed in the suit patent.

If at all there is a material on record which suggests that the defendant is making generic version of Tarceva product, even then the same by itself nowhere establishes infringement. This is due to the reason that the defendant has been able to show by x-ray diffraction as to what contained in Tarceva is the Polymorphic version B of the compound. Thus, again the plaintiffs' argument on this count fails and cannot enable this Court to assume infringement in the manner stated by the plaintiffs due to the reason that in the prayer, the plaintiffs sought injunction against the defendant in any manner infringing the legal rights in the drug Tarceva. In para-11 of the plaint, it is specifically stated that the plaintiffs are manufacturing the drug under the process of patented product. The said statement is apparently untrue as it is evident as per material available on record that they are marketing the product under new version of Polymorph B for which the plaintiffs have registration in India.

The plaintiffs' argument that the defendant's witness is able to identify the formula of the Erlotinib Hydrochloride and thus the infringement should be inferred on the basis of admission is equally incorrect because the plaintiffs have knowingly sought to restrain the defendant from infringing the legal rights in the product Tarceva. The prayer as to infringement of Patent IN'774 is not mentioned in the prayer clause. After the discussion has been done under this head, it has been found that no such legal rights subsist in the product Tarceva which is a Polymorphic version B which was never intended to be included in the claim of the suit patent on the purposive construction of the claim. These attending circumstances clearly establish that on the date of filing the suit, the plaintiffs were aware that they are manufacturing and marketing the product under new/latest version of Polymorph B.

The plaintiffs' contention that the defendant's witness is able to admit that the active ingredient in the drug is Erlotinib Hydrochloride and thus the same is admission of the infringement. The said admission in my view is ambiguous and not clear and unequivocal as the admission of active ingredient in the product does not mean ruling out the role of the reactant or variant. On the contrary, there are specific depositions of Mr Nangia to suggest the change in characteristic of the product upon change from the one form of the suit compound to another in form of Polymorph B version. There are depositions of Mr Nangia to the effect that there is no material on record to show that the compound get automatically converted into Polymorphic B version. In these circumstances, the mere admission of active ingredient will not lead to any inference as to infringement by the defendant.

The plaintiffs' contention that the defendant has not mentioned about the Polymorphic B version of the compound at anytime earlier by placing reliance upon drug approvals, patent applications and all other places in tabular form to show the alleged admissions. The answer of mine to this contention would be again that the plaintiffs have to first establish infringement on the basis of what is contained in the defendant's product and not what the defendant claims to be doing. The defendant might have been inspired by ongoing drug of the plaintiffs in the market which in fact the defendant is doing as the defendant stand before press and media is clear that the defendant is intending to launch the generic version of Tarceva Drug. In case, the plaintiffs were able to prove before Court that the defendant's products are not Polymorph B version but under the patented product of suit patent, the position would have been different. However, until the plaintiff explains who is a patentee and is under duty to explain what exactly is contained in the drug and how the patent is being infringed in the said product by taking from what contained in the drug, the defendant cannot be imposed the responsibility of remaining in non-denial mode. The question of admission and non-denial would come when the plaintiffs explain everything as to constituents of the plaintiffs' drug and whether the same corresponds with the suit patent which is clearly missing in the instant case. Therefore, the said alleged admissions are inconsequential for the purposes of discharge of the plaintiffs' onus of the proof.

Further, the admissions which the plaintiffs are setting up are not the ones which are clear and unambiguous. There are chains of the facts which are to be established in order to show an infringement. Mere identification of the chemical structure of the compound by the witness and reading along side with the fact that earlier in the written statement there was no reference of Polymorphic B version made by the defendant and to say that would lead to clear admission on the part of the defendant that what the defendant is actually making is the drug under the suit

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patent will not actually establish infringement. This more so, when the defendant is disputing such position till date in the arguments as well as there is a reference of the Polymorphic versions in the counterclaim. In these circumstances, the admissions which the plaintiffs are setting up are not clear and unambiguous to draw such inference. This reasoning is in addition to the finding above which is more crucial that the plaintiffs being a patentee have to inform fully as to what contained in the drug and whether the same corresponds with the suit patent.

The argument of the plaintiffs that one compound has the ability to remain in two or more Polymorphic forms by stating that the compound will remain the same and its form shall change, the said argument again does not explain as what was the role of the reactants while arriving at the Polymorphic version B and how the said properties of the products under both the Polymorph are same. The positive evidence should come from the plaintiffs that the role of such reactants is inconsequential. But that is not so done in the present case, thus, the mere explanation that the compound will remain the same and only the alignment will change by citing the example of the apple is invincible in absence of the deposition specific to the instant case. I think chemical science is not so easy to propound a theory like this which is that the substance shall remain a substance but only alignment changes rather the change in alignment of the chemicals make a lot of difference in the products, their forms, characteristics. Learned counsel for the plaintiffs himself asked the question in cross-examination from defendant's witness that diamond and graphite are two Polymorphic versions of the carbon. If the answer is in affirmative, then even if the plaintiffs have obtained the patent of the carbon and thereafter attempted to obtain the patent of diamond separately by showing the working upon the carbon, the infringement has to be measured from by comparing the rights under the diamond patent vis-à-vis the product of the defendant and not by simply placing reliance on the fact that the plaintiffs have obtained carbon patent and as the diamond contains carbon, therefore it will infringe carbon patent. This is due to the reason that the diamond is different in form, composition and its features than the mere carbon. Therefore, unless the plaintiffs explain from the purposive construction of the claim that the inventor intended at the time of framing of the patent to include such substance be it diamond in an example or Polymorphic B form of the suit patent in the suit patent, the said onus of the plaintiffs is not discharged. In the present case, the plaintiffs have not adduced any positive evidence to show the role of the major or minor reactant. On the contrary, the US'221 patent specification reveals that there are number of the steps involved in arriving at the Polymorphic version B therefore, the argument of the plaintiffs that the compound patent will take care of the Polymorphic version in absence of the positive evidence is rejected.

The contention of the learned Senior Counsel appearing on behalf of the plaintiffs that the Polymorphic form loses its significance when the said medicine is consumed and therefore what is left over is the suit compound, therefore the Court should infer the infringement. Again, the said submission does not address the key questions which are that why there is no positive evidence defining clearly that the role of the reactants stated in US'221 is inconsequential in nature, the question that the tablet containing the Polymorphic version of the compounds contains reactants?, if so what is the role of the said reactants?, whether the role of the reactants also leads to change in the working of the invention? The said answers are not coming forward rather it is evident for the reason given above that as regards the plaintiffs Polymorphic version B, positive results of invention came after filing of the said application for registration for Polymorph B.

Learned counsel for the plaintiffs has placed some reliance on the answers given by DW1 and 3 that the Erlotinib Hydrochloride is an active ingredient in the medicine of the defendant and the product in question arrives, different Polymorphic forms of a compound are prepared in pharmaceutical sciences by re-crystallisation of the main compound using different solvents under different temperature regimes. During preparation of Polymorph of a compound there is no chemical changes taking place on the molecule itself, however, during re-crystallisation the molecules are re-arranged/re-oriented in a particular manner and it is this arrangement of molecules which is designated as a particular Polymorphic form of a compound. I think the same does not also rescue the case of the plaintiffs and that is what exactly, I have arrived at after discussing *Catnic*⁵⁸ approach. The same has not been explained by the plaintiffs by defining the role of the reactants, rather there is contra evidence which shows such steps are material so to such an extent which persuaded the plaintiffs to approach the patent office again to secure the patent from US and also an attempt of similar kind was made in India. Further, the said role of reactants stated in the specification would show that the reactants and steps mentioned in US'221 leads to more stability and change in dosage etc which means that the said role affects the working of the invention. In such a case, the plaintiffs' argument cannot be acceded to.

The argument of dependency of working of one invention over the other has been raised by the plaintiffs by contending the defendant is surely infringing the suit patent as the Polymorphic version is a working upon the suit patent. I think the said argument would have been believed only when the plaintiffs would have shown that the role of such solvents and temperature conditions are inconsequential. But, the US'221 suggest

58. *Catnic Components Ltd. v. Hill & Smith Ltd.*, 1981 FSR 60; 1982 RPC 183 (HL).

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that not merely the said solvents and steps mentioned therein are material but also affects the working, characteristics of the invention which takes it to another level. Then in such a case, the Polymorphic version B of the compound falls outside the scope of the patented compound as it was never intended by the plaintiffs to be included at the first place. Therefore, the said principle propounded by the plaintiffs does not aid the case of the plaintiffs for the purposes of discharging the onus of the proof as to infringement. [***** referred to *OSI Pharmaceuticals Inc. v. Mylan Pharmaceuticals Inc.*⁵⁹, arguments based on Section 3(d) and continued.]

Turning back to the present case, here the onus of the plaintiffs is completely reversed, which is to establish that the role of reactants is inconsequential which means that in the present case, the plaintiffs have to establish that the role of the reactants is such which is so immaterial or minor so as to show that the product in question is subsumed within the claims of the patent. The said onus has to be discharged by the plaintiffs independently by showing the positive evidence. There is no merit in the submission of the plaintiffs that the plaintiffs' failure to discharge onus to the contrary to show efficacy and ultimately a different substance before the Controller may lead to automatically discharge the onus to prove that the Polymorphic version B is the same substance as that of the claimed in the patent. I think both the onus is different and distinct lied upon on the plaintiffs at different occasions. The failure to discharge the one cannot be equated to successful discharge of other when both are inconsistent to each other.

There may arise a circumstance that the product in question may not be so novel or obvious to the person or may not have industrial use or may be based on same substance (but not identical) and hence not separately patentable being not novel and at the same time, the said product also does not fall within the ambit of the previous patent too. Thus, in order to dislodge the said circumstance or eventuality, the plaintiffs have to establish independently that the product in question and the suit patent is the same by showing the role of the reactants. Therefore, there is no fiction argument which will work here to discharge the said onus. [***** discussed the argument based on US'221, other evidence and continued.]

To sum up, the findings arrived under this head relating non-establishment of the infringement of suit patent IN'774 is based on the following attending circumstances:

1. The establishment of the fact on record that the plaintiffs' product Tarceva does not corresponds exactly with the suit patent IN'774 but is a Polymorphic version B of the suit compound.

59. Civ No. 09-185-SLR, decided on 1-5-2012.

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 2. On the purposive construction of the claim of the suit patent IN'774 as per Catnic approach, it has been found that the plaintiffs never intended to cover the Polymorphic version B of the said compound under IN'774 as it is apparent from the facts correlating the product with that of the claim in the suit patent which are that the plaintiffs have separately filed patent for Polymorph B in US and India separately.
 3. The plaintiffs' inability to show the role of the reactants or variants as major or minor at the time of establishing infringement which could have enabled this Court to persuade that the said Polymorphic version B was intended to be covered within the ambit of the suit patent IN'774.
 4. The plaintiffs' failure to examine the product of the defendant's clinically, file depositions thereto by establishing that the product of the defendant is actually covered within the suit patent IN'774.
 5. The plaintiffs' non-denial of the fact that the Tarceva is based on the Polymorphic B version and non traversal to the defendant's position that the defendant product is not actually Polymorphic B version but is the one corresponding the suit patent.
 6. The plaintiffs maintaining the position that the Polymorphic version B was intended to be covered within the purview of the claim of the suit patent without establishing and defining the role of the reactants as major and minor.
 7. The plaintiffs' inability to justify as to whether the Polymorphic version of the said compound affects the working of the invention materially or not.
 8. The existence of the attending circumstances like specification of US'221 which clearly provides that there are reactions done to the suit patent compound subsequently which makes the product under the Polymorphic version B more stable which lead to the conclusion that not merely the role of such reactants are major but innovative enough to call it as a patent in itself. The said US'221 also reveals that the working of the product like dosages and form like tablet one also changes than the earlier one.
 9. The factum of the rejection of the separate patent IN'507 filed in India which was the attempt of the plaintiffs to seek the separate protection to the Polymorphic version B, this is again indicative of the fact that the plaintiffs as a patentee never intended to include the said Polymorphic version B in the suit patent but always intended to treat the same as a separate invention. The plaintiffs' rejection of the patent in IN'507 is due to the reason of failure of the plaintiffs to satisfy the Controller as to efficacy part under the explanation appended to Section 3(d) and the said order has attained finality.

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10. The plaintiffs' inability to show the positive evidence to establish as to how the statements made in US'221 are not relevant especially when the role of the reactants and workings are clearly defined therein. The plaintiffs could have done so by their own defining the role of the reactants and their effect on the working by leading contrary evidence.
 11. The plaintiffs not following the direct approach of establishing the infringement by clinically examining the product and taking the indirect route of showing the admissions and orders, product packaging in order to call upon this Court to infer such an infringement.
 12. The plaintiffs' inability to discharge its onus which is independent to that of the stand of the defendants on their own by establishing the infringement.
 13. The plaintiffs being themselves being aware of the fact that the suit patent does not corresponds with the Tarceva drug and thereby seeking the prayers in the suit relating to legal rights of Tarceva drug and not seeking the prayers as to infringement of the patent.
- All the aforementioned attending circumstances, coupled with the other reasoning discussed above and the lack of evidence clearly enables this Court to arrive at the finding that the plaintiffs have failed to discharge the onus of the proof as to establishing the infringement of the suit patent IN'774 in the present case. The present issue No. 1 is answered accordingly. [***** discussed Issues Nos. 3 and 4 and concluded.]

Conclusion:

In view of the discussions done above relating to the several issues, the following conclusions can be drawn which are enumerated issue-wise:

1. Whether the manufacture, marketing and sale of ERLOCIP by defendant is infringing the plaintiffs' Indian Patent 196774? OPP—Issue No. 1 is decided in favour of the defendant and against the plaintiffs.
2. Whether the Indian Patent 196774 is liable to be revoked on the grounds raised in written statement and counter-claim of the defendant? OPD—Issue No. 2 is decided in favour of the plaintiffs and against the defendant.
3. Whether the plaintiffs are entitled to permanent injunction as prayed for? OPP and 5. Relief—In view of the findings arrived at on issue No. 1, issue Nos. 3 and 5 are decided against the plaintiffs.
4. Whether defendant/counter-claimant proves that the plaintiffs' subsequent US Patent 6900221, is to the effect that the compound of claim No.1 of the suit patent is a mixture of the two, Polymorph A and B Compound and need to be separated to perform and get the claimed compound for acceptable efficacy; and its effect on the

plaintiff's patent? OPD/CC.—Issue No. 4 is decided in favour of the defendant and against the plaintiffs.

In the result, both, the suit being CS(OS) No. 89/2008 and the counter-claim being C.C. No. 52/2008 are dismissed. No order as to costs.

POINTS FOR DISCUSSION

1. Identify the test applied by the Court to construct the claims in this case and discuss its implications in the context of pharma patents.
2. Discuss the law relating to the validity of a broad claim in the patent.
3. Consider the changes in the law on inventive step in the Patents Act, 1970 and examine its implication in the present case.
4. Identify the test followed by the Court.

EXERCISE

1. Discuss the following observation of Lord Diplock in *Catnic Components Ltd. v. Hill & Smith Ltd.*, 1981 FSR 60: 1982 RPC 183 (HL). Do you think that the Court has correctly applied it in the present case.

My Lords, a patent specification is a unilateral statement by the patentee, in words of his own choosing, addressed to those likely to have a practical interest in the subject-matter of his invention (*i.e.* 'skilled in the art'), by which he informs them what he claims to be the essential features of the new product or process for which the letters patent grant him a monopoly. It is those novel features only that he claims to be essential that constitute the so-called 'pith and marrow' of the claim. A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge. The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.

The question, of course, does not arise where the variant would in fact have a material effect upon the way the invention worked. Nor does it arise unless at the date of publication of the specification it would be obvious to the informed reader that this was so. Where it is not obvious, in the light of the then-existing knowledge, the reader is entitled to assume that the patentee thought at the time of the specification that he had good reason for limiting his monopoly so strictly and had intended to do so, even though subsequent work by him or others in the field of the invention might show the limitation to have been unnecessary. It is to be answered

in the negative only when it would be apparent to any reader skilled in the art that a particular descriptive word or phrase used in a claim cannot have been intended by a patentee, who was also skilled in the art, to exclude minor variants which, to the knowledge of both him and the readers to whom the patent was addressed, could have no material effect upon the way in which the invention worked.

2. Discuss the distinction between the test of "pith and marrow" and purposive construction.
3. Examine the following guidelines given in *Improver Corpn. v. Remington Consumer Products Ltd.*, 1990 FSR 181, 189 for construction of claims to determine infringement and its use in Indian law.

If the issue was whether a feature embodied in an alleged infringement which fell outside the primary, literal or a contextual meaning of a descriptive word or phrase in the claim ('a variant') was nevertheless within its language as properly interpreted, the court should ask itself the following three questions: (1) Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim. If no? (2) Would this (*i.e.* that the variant had no material effect) have been obvious at the date of publication of the patent to a reader skilled in the art? If no, the variant is outside the claim. If yes? (3) Would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention? If yes, the variant is outside the claim.

On the other hand, a negative answer to the last question would lead to the conclusion that the patentee was intending the word or phrase to have not a literal but a figurative meaning (the figure being a form of synecdoche or metonymy) denoting a class of things which include the variant and the literal meaning, the latter being perhaps the most perfect, best-known or striking example of the class.

4. Analyse the following observation of Lord Hoffman in *Kirin-Amgen Inc. v. Hoechst Marion Roussel Ltd.*, (2005) 1 All ER 667 (HL).

In the case of a patent specification, the notional addressee is the person skilled in the art. He (or, I say once and for all, she) comes to a reading of the specification with common general knowledge of the art. And he reads the specification on the assumption that its purpose is to both to describe and to demarcate an invention—a practical idea which the patentee has had for a new product or process—and not to be a textbook in mathematics or chemistry or a shopping list of chemicals or hardware. It is this insight which lies at the heart of 'purposive construction'. If Lord Diplock did not invent the expression, he certainly gave it wide currency in the law. But there is, I think, a tendency to regard it as a vague description of some kind of divination which mysteriously penetrates beneath the language of the specification. Lord Diplock was in my opinion being

much more specific and his intention was to point out that a person may be taken to mean something different when he uses words for one purpose from what he would be taken to mean if he was using them for another. [****] The purpose of a patent specification, as I have said, is no more and no less than to communicate the idea of an invention. An appreciation of that purpose is part of the material which one uses to ascertain the meaning. But purpose and meaning are different. If, when speaking of the widest purpose, Jacob LJ meant the widest meaning, I would respectfully disagree. There is no presumption about the width of the claims. A patent may, for one reason or another, claim less than it teaches or enables.

'Purposive construction' does not mean that one is extending or going beyond the definition of the technical matter for which the patentee seeks protection in the claims. The question is always what the person skilled in the art would have understood the patentee to be using the language of the claim to mean. And for this purpose, the language he has chosen is usually of critical importance. The conventions of word meaning and syntax enable us to express our meanings with great accuracy and subtlety and the skilled man will ordinarily assume that the patentee has chosen his language accordingly. As a number of judges have pointed out, the specification is a unilateral document in words of the patentee's own choosing. Furthermore, the words will usually have been chosen upon skilled advice. The specification is not a document *inter rusticos* for which broad allowances must be made. On the other hand, it must be recognised that the patentee is trying to describe something which, at any rate in his opinion, is new; which has not existed before and of which there may be no generally accepted definition. There will be occasions upon which it will be obvious to the skilled man that the patentee must in some respect have departed from conventional use of language or included in his description of the invention some element which he did not mean to be essential. But one would not expect that to happen very often.

One of the reasons why it will be unusual for the notional skilled man to conclude, after construing the claim purposively in the context of the specification and drawings, that the patentee must nevertheless have meant something different from what he appears to have meant, is that there are necessarily gaps in our knowledge of the background which led him to express himself in that particular way. The courts of the United Kingdom, the Netherlands and Germany certainly discourage, if they do not actually prohibit, use of the patent office file in aid of construction. There are good reasons: the meaning of the patent should not change according to whether or not the person skilled in the art has access to the file and in any case life is too short for the limited assistance which it can provide. It is however frequently impossible to know without access, not merely to the file but to the private thoughts of the patentee and his advisors as well, what the reason was for some apparently inexplicable limitation in the extent of the monopoly claimed. One possible explanation is that it does not represent what the patentee really meant to say. But another is that he did mean it, for reasons of his own; such as wanting to avoid arguments with the examiners over enablement or prior art and have his patent

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granted as soon as possible. This feature of the practical life of a patent agent reduces the scope for a conclusion that the patentee could not have meant what the words appear to be saying. It has been suggested that in the absence of any explanation for a restriction in the extent of protection claimed, it should be presumed that there was some good reason between the patentee and the patent office. I do not think that it is sensible to have presumptions about what people must be taken to have meant but a conclusion that they have departed from conventional usage obviously needs some rational basis.

5. Discuss the relevance of the "doctrine of equivalents", adopted by Jackson J of the US Supreme Court in *Graver Tank & Mfg. Co. Inc. v. Linde Air Products Co.*, 94 L Ed 1097: 339 US 605, 607 (1950), as stated below:

that to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. Such a limitation would leave room for—indeed encourage—the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law.

6. How is the English doctrine of purposive construction different from the American doctrine of equivalence and which accordingly is suitable to India?
7. Reflect on the following observations of the US Supreme Court in *KSR International Co. v. Teleflex Inc.*, 167 L Ed 2d 705: 550 US 398 (2007).

The principles underlying these cases are instructive when the question is whether a patent claiming the combination of elements of prior art is obvious. When a work is available in one field of endeavour, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, Section 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognise that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. *Sakraida* and *Anderson's Black Rock* are illustrative. A court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions. [*****]

Helpful insights, however, need not become rigid and mandatory formulas; and when it is so applied, the TSM test is incompatible with our precedents. The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by over-emphasis on the importance of published articles and the explicit content of issued patents. The diversity of inventive pursuits and of modern technology counsels against limiting the analysis in this way. In many fields

it may be that there is little discussion of obvious techniques or combinations, and it often may be the case that market demand, rather than scientific literature, will drive design trends. Granting patent protection to advances that would occur in the ordinary course without real innovation retards progress and may, in the case of patents combining previously known elements, deprive prior inventions of their value or utility. [*****]

We build and create by bringing to the tangible and palpable reality around us new works based on instinct, simple logic, ordinary inferences, extraordinary ideas, and sometimes even genius. These advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. And as progress beginning from higher levels of achievement is expected in the normal course, the results of ordinary innovation are not the subject of exclusive rights under the patent laws. Were it otherwise patents might stifle, rather than promote, the progress of useful arts.⁶⁰ These premises led to the bar on patents claiming obvious subject-matter established in *Hotchkiss* and codified in Section 103. Application of the bar must not be confined within a test or formulation too constrained to serve its purpose.

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3. *Festo Corpn. v. Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd.*, 234 F 3d 558: 535 US 722 (2002), US Court of Appeal decided on 5-7-2007, available at <<http://www.cafe.uscourts.gov/opinions/05-1492.pdf>>.

TRADE MARK

Traditionally it was considered that there can be an infringement of a trade mark only when there is a likelihood of confusion as to the origin of the trade mark.⁶¹ Prevention of infringement was necessary not only for avoiding any losses to the trade mark owner but also for maintaining the trust of the consumers in the marks for differentiating products of different owners. Assessment of likelihood of confusion is the major task in deciding cases of trade mark infringement. That likelihood is to be assessed globally taking into account all relevant factors, including the degree of similarity between the relevant trade marks, the degree of similarity between the relevant goods or services, the likely reception of the marks in the minds of the average consumer of the goods or services in question and the degree of distinctiveness of the earlier mark.⁶² However,

60. See, US Constitution, Art. I, S. 8, cl. 8.

61. *Kerly's Law of Trade Marks and Trade Names* (Sweet and Maxwell 2001) 360.

62. *Ibid*, 361.

the modern trend is to read infringement even in situations where there is no reason for confusion in the case of well-known trade marks.

In India, Section 29 of the Trade Marks Act, 1999 deals with infringement of trade mark and Section 30 deals with the limits on the effect of registered trade mark. Under Section 29, situations which may not give rise to confusion may also constitute infringement of trade mark if it is identical or similar to a reputed registered trade mark.⁶³

**DURGA DUTT SHARMA v. NAVARATNA
PHARMACEUTICAL LABORATORIES**

(1950-2000) 23 PTC Supp (2) 680; AIR
1965 SC 980; (1965) 1 SCR 737

(CHIEF JUSTICE P.B. GAJENDRAGADKAR AND JUSTICES
N. RAJAGOPALA AYYANGAR AND J.C. SHAH)

JUSTICE AYYANGAR

[Facts and issue of acquired distinctiveness included in Chapter I. Only the issue of infringement included here].

[****] The other ground of objection that the findings are inconsistent really proceeds on an error in appreciating the basic differences between the causes of action and right to relief in suits for passing off and for infringement of a registered trade mark and in equating the essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark. We have already pointed out that the suit by the respondent complained both of an invasion of a statutory right under Section 21 in respect of a registered trade mark and also of a passing off by the use of the same mark. The finding in favour of the appellant to which the learned counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in their colour and other features and their general get-up together with the circumstance that the name and address of the manufacture of the appellant was prominently displayed on his packets and these features were all set out for negating the respondent's claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy in the event of the use by another of that mark or a colourable imitation thereof. While an action for passing off is a common-law remedy being in substance an action for deceit, that is, a passing off by a person of his own

63. S. 29 (4), Trade Marks Act, 1999.

goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods (*vide* Section 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the *sine qua non* in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

When once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be "in the course of trade" the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out. When the two marks are not identical, the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered trade mark as is likely to deceive or cause confusion and in relation to goods in respect of which it is registered (*vide* Section 21). A point has sometimes been raised as to whether the words "or cause confusion" introduce any element which is not already covered by the words "likely to deceive" and it has sometimes been answered by saying that it is merely an extension of the earlier test and does not add very materially to the concept indicated by the earlier words "likely to deceive". But this apart, as the question arises in an action for infringement the onus would be on the plaintiff to establish that the trade mark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained

by a comparison of the two marks—the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the plaintiff's mark. The purpose of the comparison is for determining whether the essential features of the plaintiff's trade mark are to be found in that used by the defendant. The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the Court based on the evidence led before it as regards the usage of the trade. It should, however, be borne in mind that the object of the enquiry in ultimate analysis is whether the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff.

The mark of the respondent which he claims has been infringed by the appellant is the mark "Navaratna Pharmaceutical Laboratories", and the mark of the appellant which the respondent claimed was a colourable imitation of that mark is "Navaratna Pharmacy". Mr Agarwala here again stressed the fact that the "Navaratna" which constituted an essential part or feature of the registered trade mark was a descriptive word in common use and that if the use of this word in the appellant's mark was disregarded, there would not be enough material left for holding that the appellant had used a trade mark which was deceptively similar to that of the respondent. But this proceeds, in our opinion, on ignoring that the appellant is not, as we have explained earlier, entitled to insist on a disclaimer, in regard to that word by the respondent. In these circumstances, the trade mark to be compared with that used by the appellant is the entire registered mark including the word "Navaratna". Even otherwise, as stated in a slightly different context: "Where common marks are included in the trade marks to be compared or in one of them, the proper course is to look at the marks as wholes and not to disregard the parts which are common."

It appears to us that the conclusion reached by the Courts below that the appellant's mark is deceptively similar to that of the respondent's cannot be stated to be erroneous. Besides, this question of deceptive similarity is a question of fact, unless the test employed for determining it suffers from error. In the present case, it was not suggested that the Courts below had committed any error in laying down the principles on which the comparison has to be made and deceptive similarity ascertained.⁶⁴ As there are concurrent findings of fact on this matter, we do not propose to enter into a discussion of this question de novo, since we are satisfied that the conclusion reached is not unreasonable.

64. See, per Lord Watson in *Attorney-General for the Dominion of Canada v. Attorney-General for Province of Ontario*, 1898 AC 247 (PC).

POINTS FOR DISCUSSION

1. What constitute infringement of a trade mark?
2. How could deceptive similarity be assessed?
3. How are the criteria for determining the question of infringement different from those for determining the question of passing off?
4. Discuss the provisions in the Trade Marks Act, 1999 on infringement and its limitations. [Ss. 29 and 30]

Comparative advertisement

In this case the issue was whether the use of a trade mark, though not as an indication of origin in the course of trade, constituted infringement of trade mark. Since the function of a trade mark is considered to be indication of source, infringement was ruled out in this case. However, it may constitute infringement if such use takes unfair advantage of or is contrary to the honest practices in industrial or commercial matters or if such use is detrimental to the distinctive character or repute of the trade mark.⁶⁵

PEPSI CO INC. v. HINDUSTHAN COCA COLA
(2001) 94 DLT 30: 2001 PTC 699 (Del)

JUSTICE C.K. MAHAJAN

By way of this application for grant of an interim injunction, the plaintiffs seek orders restraining the defendants from in any manner infringing upon the registered trade mark of the plaintiffs by use of Globe Device, the word PAPPY or any other word which is deceptively similar to the mark of the plaintiffs Pepsi by using the same in the impugned commercials. Restraint is also sought against the defendants from infringing upon the copyright of the plaintiffs in the works YEH DIL MANGE MORE, Globe Device, television commercials of the plaintiffs including the roller coaster commercial. What the plaintiffs seek is that the defendants be restrained from telecasting the impugned commercials or any other form of advertising through print, electronic or media on the ground that impugned commercials infringe the trade mark and copyright of the plaintiffs and disparage the plaintiffs' products which has resulted in dilution of plaintiffs' goodwill and reputation.

[**** discussed brief background.]

65. S. 29(8), Trade Marks Act, 1999. As per the 1938 Act, in England comparative advertisement *per se* was considered infringement by "importing reference" irrespective of whether such advertising were true or false, disparaging or sycophantic. However, the situation underwent a change by the 1994 Act. *Read, W.R. Cornish, Intellectual Property* (4th Edn.) 713.

In the present case important questions have been raised which will have far reaching consequences in their nature and impact on the trading community as a whole. According to the plaintiffs, the use of a competitor trade mark, even though not resulting in any deception/confusion, for the purposes of comparative advertising *per se* amounts to infringement. Another interesting question that arises on which no Indian law has been placed before this Court is whether the use by the defendants of the plaintiffs' mark in comparative advertising constitutes infringement. According to the plaintiffs, the use of a competitor's trade mark, even though not resulting in any deception/confusion, for the purposes of comparative advertising *per se* amounts to infringement. The commercial advertisements of the defendants infringe the Globe Device and Pepsi mark.

It is not in dispute that the plaintiffs are the registered owners of the trade mark Pepsi and the Globe Device. In the process of comparison it is alleged that the defendants have infringed the mark and the device of the plaintiffs. Exclusive rights are conferred by Section 28 of the Act and the use of the mark or the device or deceptively similar marks constitute infringement.

The plaintiffs made a comparative study of the Trade Mark Acts of UK and India. It was stated that the Trade Marks Act, 1940 and 1958 Act of India were based on Trade Marks Act, 1938 (UK) (hereinafter called as 1938 Act). Section 4(1)(b) of the UK Act was an integral part of 1958 Act and it was stated that the words "in a case in which the use is used upon goods or in physical relation thereto" were incorporated in Section 2(2)(b) of 1958 Act of India. The words "as imparting a reference to some persons having their right either as proprietor or as registered user or use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade" is contained in the definition of the trade mark in 1958 Act. It is contended that these two portions have to be automatically read as a part of Section 29 as the terms "use in the relation of goods and trade mark are contained in Section 29".

[***** relied on *Bismag Ltd. v. Amblins (Chemists) Ltd.*⁶⁶ (hereinafter called as *Bismag case*), *Montana Wines Ltd. v. Villa Maria Wines Ltd.*⁶⁷, *Gallaher (Dublin) Ltd. v. Health Education Bureau*⁶⁸, and *Compaq Computer Corpn. v. Dell Computers Corpn. Ltd.*⁶⁹ and continued.]

[***** quoted from *Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*⁷⁰, *Pianotist Co's Application re*⁷¹, *Ruston and Hornsby Ltd.*

66. 1940 Ch 667; (1940) 2 All ER 608 (CA).

67. 1985 FSR 400.

68. 1982 FSR 464.

69. 1992 FSR 93.

70. (1950-2000) 23 PTC Supp (2) 680; AIR 1965 SC 980; (1965) 1 SCR 737.

71. (1906) 23 RPC 774, 777.

*v. Zamindara Engg. Co.*⁷², *Aristoc Ltd. v. Rysta Ltd.*⁷³ and English Law on infringement and continued.]

Coming to the present case the following are the relevant points to mention here: (a) That the defendants have not used the trade mark PAPPY and device on their products in the course of their trade nor in relation to any goods in respect of which the trade mark is registered. (b) That the defendants have not sold their merchandise goods under the trade mark of the plaintiffs. (c) That the defendants have not advertised their products under the plaintiffs' trade mark. (d) It is not disputed that comparative advertisements are permissible in law.

The expression "in relation to any goods in respect of which the trade mark is registered" in Section 29(1) makes it clear that there is no infringement of a mark unless the infringer uses the mark in relation to same goods covered by the registration. It is fundamental principle of trade mark law that the function of a trade mark is to indicate the origin of the goods to which it is applied. The expression "in the course of trade" has a definite connotation. In order to constitute infringement, the use complained of must be a use in the course of trade. The defendants must be dealing or selling of in some other way trading in the goods bearing the offending mark. Possession of such goods for the purpose of comparison will not amount to infringement. The right conferred by registration is a right to use the mark in the course of trade and obviously this right is infringed only when the infringer also uses the mark in the course of trade. The use "in the course of trade" means in the course of business. It did not mean use as a trade mark. The purpose for which the mark was applied will not prevent it constituting an infringement provided it was used in the course of trade and was capable of indicating a connection in the course of trade between the goods and the proprietor of the registered trade mark.

In view of the above it is clear that the language of Section 4(b) of the Trade Marks Act, 1938 (UK) is not embodied in Section 29 of the present Act which is applicable in India, *i.e.* Trade and Merchandise Marks Act, 1958. Although Sections 2(2)(a) and (b) has the similar language of Section 69(2) of the UK Act. I am afraid that if the interpretation which is sought to be given is accepted, it will travel beyond the scope of Section 29 and go contrary to the intention of the legislature. In view of the aforesaid reasons, the decisions cited by the plaintiffs are not applicable in the facts of the present case. I am unable to persuade myself to accept the submission that the defendants have infringed the trade mark of the plaintiffs.

72. (1969) 2 SCC 727; AIR 1970 SC 1649.

73. 1945 AC 68; (1945) 1 All ER 34; 62 RPC 65 (HL).

[***** discussed the issue of violation of copyright of the words YEH DIL MANGE MORE (phrase and song) and the Globe Device and continued.]

The plaintiffs contend that the television commercials of the defendants disparage and denigrate the plaintiffs' products. The plaintiffs' contend that advertisement No. 1 is aimed at showing kids' preference changing from Pepsi to Thums up and Pepsi is described as Bachhon Wali drink and thums up is for grown ups. In advertisement No. 2 Pepsi is mouthed and the phrase YEH DIL MANGE MORE in a mocking and sarcastic way. The covered drink is described as a sweet drink called Bachhon Wala and the bottle when revealed Globe Device and mark PAPPI. In advertisement Nos. 3 and 4, the drink which resembles Pepsi and is referred to as PAPPI is termed as Bachhon Wali. Thums up is referred to Baroh Ke Liye and Damdar Hai. All these commercials according to the plaintiffs disparage and denigrate the products of the plaintiffs and therefore, plaintiffs are entitled to injunction. From a viewing of these commercial it is evident that defendants are making a comparison with the plaintiffs' cola.

Disparagement is defined in the *Webster's Dictionary* as "an act of depreciating, aspersing, slighting or undervaluing, derogation;... An unjust classing or comparison with that which is of less worth; degradation". *Oxford Dictionary* defines disparagement as "bring discredit on; speak slightly of, depreciate". *Black's Law Dictionary* defines disparagement of goods as "A statement about competitors' goods which is untrue or misleading and is made to influence or tends to influence the public not to buy". Disparagement in *The Chambers Dictionary* means "to dishonour by comparison with what is inferior; to talk slightly of, to belittle".

In *Reckitt & Colman India Ltd. v. M.P. Ramchandran*⁷⁴, while dealing with disparagement, the Court laid down five principles to decide whether a party is entitled to an injunction. The main principles are: (I) A tradesman is entitled to declare his goods to be best in words, even though the declaration is untrue. (II) He can also say that his goods are better than his competitors', even though such statement is untrue. (III) For the purpose of saying that his goods are the best in the world or his goods are better than his competitors' he can even compare the advantages of his goods over the goods of others. (IV) He, however, cannot while saying his goods are better than his competitors', say that his competitors' goods are bad. If he says so, he really slanders the goods of his competitors. In other words he defames his competitors and their goods, which is not permissible. (V) If there is no defamation to the goods or to the manufacturer of such goods no action lies, but if there is

74. (1999) 19 PTC 741 (Cal).

such defamation an action lies and if an action lies for recovery of damages for defamation, then the Court is also competent to grant an order of injunction restraining repetition of such defamation.

The Court held, in the above case, that comparative advertisements were admissible. However, the advertisement should not be in such a manner as to disparage the goods of the competitor. Mere puffing of goods without disparagement is not actionable. The advertisements must be viewed in light of the aforesaid tests. In order to decide the question of disparagement the Court has to come to the conclusion as to how many customers so would be influenced by advertisement material into not purchasing a particular product instead of purchasing the rival product. Secondly, the prayer of damages is sought in respect of said comparative advertisement in the context of the continuing marketing war between two companies, one had to ask whether any substantial damages could properly be attributed to a particular comparative advertising and, if so, how this could be proved and damages assessed. It is well-known law that merely puffing is not dishonest and mere "poking fun" at a competitor is a normal practice of comparative advertising and is acceptable in the market. The comparative advertising is a part of people's nature, everyone starts very young. They compare everything from their teams to their toys, and most everything in between. It is fun and can be informative. Some of the most effective advertising is comparative, but it is not without its risks.

Effective advertising delivers a message that is remembered. It can change the way the world views a product or service and can generate sales. If the market for a service or product is well-defined, comparative advertising can hold the product or service distinguishing itself from the competition. Nothing seems to do this more efficiently than comparative advertising.

In order to succeed in an action, the plaintiffs have to establish the following key elements: (1) A false or misleading statement of fact about a product. (2) That statement either deceived, or had the capacity to deceive, substantial segment of potential consumer. (3) The deception was material, in that it was likely to influence consumers' purchasing decisions.

To suggest that the drink is liked by children and to say that Pepsi is a sweet drink but not a strong drink, is hardly disparaging. To say that adults prefer Thums Up and Pepsi is a sweet drink and not a strong drink even though not true would not be disparagement. In the Roller Coaster Commercial the frame where it is stated "Be cool not a fool" also does not denigrate or disparage the goods of the plaintiffs. In the Pepsi commercial the boy spills the drink while telling the time to a pretty girl wherein in the Sprite ad the boy merely transfer the glass from one hand to other hand.

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[**** referred *Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd.*⁷⁵ and *White v. Mellin*⁷⁶, and continued.]

In the commercials in question both these elements are missing. The intention of the defendants is not to deceive the plaintiffs because no false representation is made. The defendants have compared the two drinks and explained to the consumers that one drink is strong and the other drink is sweet and the children like the sweet taste. In the end the choice is left with the consumers. Of course, an attempt is made to distinguish the taste of both the drinks but without deceiving and causing confusion. The attempt was to puff up its product only. *Prima facie* no case is made out for disparagement and the defendants are not passing off their goods as those of the plaintiffs.

It is an undisputed fact that the plaintiffs have filed a suit for damages also. So far no evidence has been produced by either side regarding the similarity and dissimilarity of the comparative advertisement given by the defendants. There is no material on record to show that the advertisement given by the defendants harmed the business of the plaintiffs or the goods of the plaintiffs are bad or in any way the defendants have defamed the business of the plaintiffs. It is also a matter of fact that the defendants are selling their products under their own brand name and they are not advertising objectionable features in the literature form.

[**** discussed the issue of passing off and granting of interlocutory injunction and continued.]

Having regard to the facts and circumstances of the case and in light of the foregoing discussion, I do not think it appropriate to grant temporary injunction in favour of the plaintiffs as sought for in the present application. The application is accordingly dismissed, subject to the condition that the defendants shall furnish an undertaking to pay damages to the plaintiffs within four weeks of the decision of the suit in favour of the plaintiffs and against the defendants. No order as to costs.

POINTS FOR DISCUSSION

1. Is the use of a trade mark in an advertisement by another person "use in the course of trade"?
2. Is "comparative advertising" permissible under the Indian law?
3. When does, if at all, comparative advertising amount to infringement?
4. Discuss the scope of Section 30(1) of the Trade Marks Act, 1999.
5. Compare this case with *Reckitt & Colman India Ltd. v. M.P. Ramchandran*, (1999) 19 PTC 741 (Cal).
6. Is the Court right in interpreting "disparaging" advertisements?

75. (1996) 16 PTC 393 (Del).

76. 1895 AC 154, 165 (HL).

READ

1. *Reckitt Benckiser (India) Ltd. v. Cavinkare (P) Ltd.*, (2007) 35 PTC 317 (Del).
2. *Eureka Forbes Ltd. v. Pentair Water India (P) Ltd.*, (2007) 35 PTC 556 (Kant).
3. *Colgate-Palmolive (India) Ltd. v. Anchor Health & Beauty Care (P) Ltd.*, (2009) 40 PTC 653 (Mad).

DESIGN

In the case of designs, Section 22 of the Designs Act, 2000 deals with piracy of registered designs. As per the Act, piracy occurs when the design or any fraudulent or obvious imitation thereof is applied to any article, in the class of articles in which design is registered, for the purpose of sale.

BRITANNIA INDUSTRIES LTD. v. SARA LEE BAKERY

AIR 2000 Mad 497

JUSTICE M. KARPAGAVINAYAGAM

Britannia Industries Limited having its Registered Office at Calcutta, the plaintiff herein, pending the suit in C.S.No. 939 of 1999 seeking the relief of permanent injunction, mandatory injunction, etc. has filed three applications in O.A. Nos. 742, 743 and 744 of 1999 praying for interim reliefs as against Sara Lee Bakery India Private Limited, Chennai, the defendant herein.

The prayer in O.A. No. 742 of 1999 is to grant interim injunction restraining the respondent/defendant from committing the acts of piracy of the applicant's registered design of its biscuits by the manufacture of the impugned product "Milk Wala" "Milk Cream Biscuits" bearing the design which is identical with or similar to the applicant's design.

[**** discussed the relief sought in different petitions and continued.]

Before referring to the respective contentions raising various issues, it would be better to refer to the case of each of the parties. The case of the applicant/plaintiff, in brief, is as follows:—

- (a) The applicant is a company engaged in the business of manufacturing and marketing various food items, such as bread, biscuits, confectionary, cakes, etc. One of the products manufactured by the applicant is a biscuit by name 'Milk Bikis Milk Cream' which was launched in October 1996. The same is available to the customers as a pack of 100gms and 200gms in a distinctive wrapper. The applicant's biscuit is circular in shape with funny face on one side. The other side of the biscuit is plain. In between the two biscuits is a filling—filled with milk cream, a round nose and the mouth in the shape of a smile with two

teeth visible—the two teeth being filled with cream. The novelty of the biscuit lies in the shape and the configuration of the face on the one side and the plain biscuit on the other side with milk cream filled in between the biscuits. The biscuit is packed in the wrapper. A navy blue background with stars, on which the trade mark 'BRITANNIA' is written. The slogan 'Eat Healthy, Think Better' appears below the red pentagonal device. Below this, is the name of the biscuit Milk Bikis in red colour with the words 'Milk Cream' underneath. On the right portion of the wrapper is a funny face on the upper portion of the biscuit with the design mentioned above. In the lower portion, it is shown that the milk is being poured from a jar. Rectangular lines in yellow bordered in red surround the funny face.

(b) Since the design is novel and original, the applicant registered the said design in Class 12 of the IV Schedule of the Designs Rules on 11-4-1996 vide Design No. 171091. It has also registered its copyright in the work 'Britannia Milk Bikis Milk Cream' with the copyright office and the registration number is A-55541/98. The applicant's product has been manufactured and marketed ever since October 1996 and is widely known in the market, as the same was popularised through publicity by spending considerable amount.

(c) At this stage, the respondent/defendant introduced the offending product as 'Milk Wala' which is similar to the product of the applicant in all respects, namely, wrapper design and product. The offending product with wrapper is deliberately made to resemble applicant's product and wrapper and would cause the public to mistake the offending product for the applicant's product. The offending biscuit is also visually similar to that of the applicant. Thus, the act of the respondent is a piracy of the registered design and consequently, violating the registered copyright of the applicant in that the offending wrapper and passing off goods as that of the applicant/plaintiff, as the design of the biscuits and wrapper is same and similar. Hence, the suit for permanent injunction and other allied reliefs along with these applications for interim reliefs.

The case of the respondent/defendant is summarised as follows:

(a) The parent company, namely, Sara Lee Corporation is a global manufacturer and marketer of high quality brand name products for consumers throughout the world. In 1997, the parent company entered into the Indian market as part of its expansion programme. In order to deal with the business of manufacturing and marketing high quality biscuits, the parent company established Sara Lee Bakery India Private Limited, Chennai, the respondent company herein in October 1997 as a wholly owned subsidiary company. They also entered into an agreement with Nutrine Group in March 1998, thereby acquired the biscuit business of the said group. The Nutrine Group had been using the brand name 'Milk Wala' in respect of its milk biscuits since 1986. A trade mark application has also been filed with the Trade Mark Registry in the year 1991 for registering the mark 'Milk Wala'. They also obtained a copy of the legal user certificate dated 17-5-1999 recording the assignment

of 'Nutrine' trade mark in respect of bread, biscuits, etc. by Nutrine confectionery in respondent's favour.

(b) The facial biscuit moulds have been common in the biscuit trade in USA and other developed countries. Since the facial moulds as well as other business are treated as novel in India, the respondent applied and obtained registration of its biscuit design on 1-4-1999 in certificate bearing No. 179167 in respect of its facial design. The applicant cannot claim monopoly for the particular variety of funny face or on any facial engraving on biscuits. The applicant is claiming an exclusive right in respect of an entire range of biscuits in the shape of different faces, which is not permissible under law. The wrapper of the respondent has been prominently displaying its trade mark as 'Nutrine' and 'Milk Wala'. The pictorial representation of the 'funny face' on the biscuit wrapper of the applicant is a descriptive matter. Moreover, the face in the offending design is entirely different from that of the applicant's design.

(c) Any manufacturer is entitled to launch a biscuit with a different facial expression and to represent the design on the biscuit wrappers. The applicant cannot prevent the competitors from using the descriptive words such as Milk Cream, Milk Biscuits, etc. In the same way, it cannot prevent its competitors from using other descriptive devices on the wrapper. The sign of the respondent's biscuit is entirely different from the applicant's biscuit. The differences are easily perceivable even by young customers. In fact, the Controller of Patents and Designs has already recognised this fact and has granted a design registration certificate on 1-4-1999 in respect of the respondent's biscuits.

(d) The applicant's biscuits with wrapper and the respondent's biscuits with wrapper are visually dissimilar in all material respects. There is not even the remotest chance of any reasonable person or young customer to confuse one product for the other. Therefore, the applicant/plaintiff would not be entitled to interim reliefs, as the suit itself is an abuse of process of law.

[***** discussed the arguments of the parties and continued.]

So, the question which arises, at this stage, is how to compare both the designs in order to find out whether there is any similarity or imitation. With regard to this aspect, there are various decisions cited by both.

[***** quoted Section 2(5) and referred to Sections 43, 47, 2(4) and 14 and continued.]

In Section 51-A, registration of a design may be cancelled on specified grounds including the ground that the design is not a new or original design. Section 53 deals with the piracy of registered design. Section 53 provides thus:

53. Piracy of registered design.—(1) During the existence of copyright in any design it shall not be lawful for any person—

(a) for the purpose of sale to apply or cause to be applied to any article in any class of goods in which the design is registered, the design or

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any fraudulent or obvious imitation thereof, except with the licence or written consent of the registered proprietor, or to do anything with a view to enable the design to be so applied.

There shall be sufficient resemblance between the infringing design and the plaintiff's registered design to be found an action for infringement under Section 53 of the Act. It is not every resemblance in respect of the same article which would be actionable at the instance of the registered proprietor of the design. The copy must be a fraudulent or obvious imitation. The word imitation does not mean "duplication" in the sense that the copy complained of need not be an exact replica. Therefore, the Court is required to see in particular as to whether the essential part of the base of the applicant's claim for novelty in the design form part of the infringing design. The task of the Court is to judge the similarity or difference through the eye alone and where the article in respect of which the design is applied is itself the object of purchase, through the eye of the purchaser. In judging the articles solely by the eye the Court shall see whether the infringing design is an obvious or a fraudulent imitation. "Obvious imitation" means something which strikes one at once as being so like the original design, the registered design, as to be almost unmistakable. In other words, an obvious imitation is something which is very close to the original design, the resemblance to the original design being immediately apparent to the eye looking at the two. "Fraudulent imitation" which is based upon the registered design is an imitation which may be less apparent than an obvious imitation. The fraudulent imitation, although is different in some respects from the original, and in other respects which render it not obviously an imitation may yet be an imitation perceptible when the two designs are closely scanned.

One of the tests to find out the identity or sameness of the design is to find whether there are substantial differences between the design subsequently registered and the design which was earlier registered. These differences cannot be based on purely subjective or utilitarian or aesthetic considerations. The differences must be objective in its essential features. A general view of the features of both the designs should be looked into to find out if one design is as good as the other, and the conclusion is to be arrived at by visual examination of the two things. Similarity of device in external appearance may be a relevant factor in considering the substantial differences between the two but it is certainly not a determining factor.

Looking at the definition of "design" infringement of the design applied to an article it is to be judged solely by the "eye". The "design" does not include any mode or principle of construction or anything which is in substance a mere mechanical device. Therefore, all that is required to be seen in an action for infringement of design is the "sameness" of the features of shape, configuration, pattern, etc. For determining whether two

designs are identical or not, it is necessary that the two designs should be exactly the same. The main consideration to be applied is whether the broad features of shape, configuration, pattern etc. are same or nearly the same and if they are substantially the same, then it is the case of imitation of the design of one by the other.

In a case where the registered design is made up of a pattern which has no striking feature in it, but it appeals to the eye as a whole, it may be that another design may be an imitation of it which makes the same appeal to the eye, but if a design has in it a striking feature which catches and holds the eye, and which is the one thing that strikes the eye when one looks at the design which otherwise may be like a registered design but which eliminates the striking feature or alters it so that it is not recognisable, in such a case it is impossible to say that one is the imitation of the other. To establish the infringement where the shape or configuration of the whole of the article is the essence of the design, there shall be shown to be something reasonably approaching to identity. [Based on the guidelines given in *Castrol India Ltd. v. Tide Water Oil Co. Ltd.*⁷⁷, *Wallpaper Manufacturers Ltd. v. Derby Paper Staining Co.*⁷⁸, *Sherwood & Cotton v. Decorative Art Tile Co.*⁷⁹, *Dunlop Rubber Co. Ltd. v. Golf Ball Developments Ltd.*⁸⁰, *Alert India Ltd. v. Naveen Plastics*⁸¹, *Western Engg. Co. v. Paul Engg. Co.*⁸², *Mount Mettur Pharmaceuticals (P) Ltd. v. A. Wander*⁸³, *Sommer Allibert (UK) Ltd. v. Flair Plastics Ltd.*⁸⁴ and *Parle Products (P) Ltd. v. J.P. and Co.*⁸⁵]

In the light of the above guidelines, let us now compare the design on the biscuits of the parties. According to the plaintiff, the defendant's design in respect of its biscuits is similar if not almost identical to the biscuits manufactured by it. According to the defendant, the plaintiff is not entitled to monopoly under the Designs Act in respect of entire class of facially engraved biscuits but he would be entitled to the monopoly only in respect of the features of shape, configuration and pattern or ornaments applied to biscuits. In the light of the above submission, we have to see that the features of the shape and configuration of the biscuits of the plaintiff have been copied by the defendant, as their registration of the design is not in respect of the entire class of facially engraved biscuits.

In the instant case, if we look at the differences between the plaintiff's design and defendant's design on the biscuit from the eyes of the children

77. (1996) 16 PTC 202 (Cal).

78. (1925) 42 RPC 443.

79. (1887) 4 RPC 207.

80. (1931) 48 RPC 268.

81. (1997) 17 PTC 15 (Del).

82. AIR 1968 Cal 109.

83. AIR 1977 Mad 105.

84. (1987) 25 RPC 599 (CA).

85. (1972) 1 SCC 618; AIR 1972 SC 1359; (1972) 3 SCR 289.

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customer, it cannot be said that the features in the biscuit are substantially similar. Though some of the differences are superficial, I find that there are various substantial differences which make the design of the defendant indicating that it is not an imitation of the plaintiff's design. Some of the substantial differences are as follows: In the plaintiff's biscuit, there are two prominent eye brows on a very little forehead. In the defendant's biscuit, there is a forehead covered by a dotted pirate's cap. There are two round eyes in the plaintiff's design. In the defendant's design, only left eye is visible and the right eye is closed by a patch attached to a string running right across the forehead. The nose found in the plaintiff's design is a protruding one with a protruding circle around it. But, in the defendant's design, the nose is bulbous with a depression around it. In the plaintiff's design, the mouth is open with two white teeth. But, in the defendant's design, there is a very big smile without protruding teeth. In the plaintiff's design, the chin portion shows the protruding line running in a semi-circular fashion from one cheek to the other through the lower chin. But, this is absent in the defendant's design. Space available between the mouth and the lower chin in plaintiff's design is large. But, there is little space below the mouth and the lower chin in the defendant's design.

In this context, it would be worthwhile to refer to the decision, wherein it is held that the children are not likely to be deceived in the matter of purchase of an article like biscuits for their own consumption out of their pocket money.⁸⁶ The relevant observation in the above decision is given below:

The class of customers who buy are, according to the evidence, chiefly children, working men, domestic servants, and those who have not every facility for making home made lemonade from the lemons. A good deal of argument was addressed to me as to whether that class of customers was, or was not, more likely to be deceived than the more educated class. I am satisfied not only by the evidence, but from my own knowledge of the world—and I cannot shut out my knowledge of certain classes of people—that, with reference to some articles, children are less likely to be deceived than grown up people are in a matter of this description. If they are going to purchase an article for their own consumption out of their pocket money, or the pennies, which are not too frequent with them possibly, they are careful to get that which they intend to get I think it is quite possible that a child would be less careful being sent to buy some articles of domestic use than he would if going to buy something for his own consumption.

The above observation, in my opinion, would squarely apply to the present facts of the case. As mentioned above, if I look at both the designs from the eye of the customer, namely, children. It is clear that the main features in both the biscuits are not substantially same. Therefore,

86. *Clarke v. Sharp*, (1898) 15 RPC 141 (Ch).

I am inclined to hold that there is no infringement by the respondent/defendant in respect of the Designs Act.

[***** the Court then went on discussing the questions of violation of copyright in the wrapper and passing off and concluded.] Applications dismissed.

POINTS FOR DISCUSSION

1. What constitutes "fraudulent or obvious imitation" under the Designs Act?
2. Analyse the standards prescribed by the Court for identifying the existence of "fraudulent or obvious imitation". Critically examine the way in which those standards are applied in this particular case.

PASSING OFF

Passing off is a common-law remedy applicable in a wide range of situations. This tortious remedy is also available to prevent violations of the rights in the case of unregistered trade marks. The law regarding passing off was defined by Lord Langdale in *Perry v. Truefit*⁸⁷ thus: "A man is not to sell his own goods under the pretext that they are the goods of another man."⁸⁸ The action lies even where the defendant is innocent and without proof of actual damage if there is a likelihood of future injury.⁸⁹ Because of this wide-ranging form of liability, the judges have in the past been careful not to extend it to cases which fall outside the classic form of the tort which required proof of reputation, misrepresentation and damage to goodwill—commonly known as the "classical trinity".⁹⁰ This is also the reason for the refusal to treat rights arising from use of a trade mark as giving a full-fledged right of property in that mark.⁹¹ The House of Lords identified goodwill as the property right protected by the tort of passing off in *Spalding & Bros. v. A.W. Gamage Ltd.*⁹² There is no right of passing off in the name, mark, or get-up that the plaintiff uses.⁹³ Rather

87. (1842) 6 Beav 66: 49 ER 749.

88. Hazel Carty, "Dilution and Passing Off: Cause for Concern" (1996) 112 LQR 632, 693. See also, Rembert Meyer-Rochow, "Passing Off—Past, Present and Future" (1994) 84 TMR 38, 39.

89. Cornish and Llewelyn, *Intellectual Property* (5th Edn., Sweet & Maxwell 2003) 619.

90. *Ibid.*

91. Even at the time of *Frank Reddaway & Co. Ltd. v. George Banham & Co. Ltd.*, 1896 AC 199: (1895-96) All ER Rep 133 (HL) Lord Herschell opined that "a man has no right to put off his goods for sale as the goods of another trader... whether it is done by the use of a mark which has become his trade mark, or in any other way".

92. (1914-15) All ER Rep 147: (1915) 32 RPC 273 (HL).

93. Rembert Meyer-Rochow, "Passing Off—Past, Present and Future" (1994) 84 TMR 38, 48; See also, David Kitchin *et. al.*, *Kerly's Law of Trade Marks and Trade Names* (13th Edn., Sweet & Maxwell) 442.

it is the customer connection that is protected: goodwill has no independent existence without the business.¹

The tort then continued to develop to meet changing conditions and practices in trade. This development both widened the scope of misrepresentation and expanded the notion of goodwill. For example, in the *Bollinger case*², it was held that the producers of Champagne were entitled both jointly and severally to restrain wine which was not produced in the Champagne District of France from being labelled and sold as "Spanish Champagne". The case showed that it is not always necessary for the plaintiff to prove that a word used by him has become associated exclusively with his own goods. Until the *Bollinger case*³, the tort of passing off had always been understood in terms of some mark, which is distinctive of the plaintiff alone.⁴ In the *Advocaat case*⁵, the tort got further extended to misrepresentation which was not with respect to the source of the goods. It was obvious that the defendant's products did not emanate from the plaintiffs. However, the name Advocaat was understood by the public in England to denote a distinct and recognisable species of beverage. The defendant's product was only egg flip, not Advocaat. They had deliberately induced in the public the belief that it was buying Advocaat when it was not. This was a product of misrepresentation not affecting the plaintiff alone. In Advocaat the goodwill that is being protected could be described as "product goodwill".⁶ The customer connection that they are seeking to protect is attached to the reputation of the product rather than a single source. When it came to the case of *Taittinger S.A. v. Allbev Ltd.*⁷, decided in 1993, the real thrust of the plaintiff's action was to protect the exclusivity of the name "champagne". The concentration on the importance of the distinctiveness and exclusivity of the word champagne led to the Court focusing on dilution as the relevant harm to the plaintiffs.⁸

Given that the damage necessarily must relate to the plaintiff's goodwill, the two heads of damage that are clearly established for the tort

1. Hazel Carty, "Dilution and Passing Off: Cause for Concern" (1996) 112 LQR 632, 634. See also, Rembert Meyer-Rochow, "Passing Off—Past, Present and Future" (1994) 84 TMR 38, 40–41.
2. *Bollinger J. v. Costa Brava Wine Co. Ltd.*, 1960 Ch 262; (1959) 3 WLR 966; (1959) 3 All ER 800; 1960 RPC 16.
3. *Ibid.*
4. Rembert Meyer-Rochow, "Passing Off—Past, Present and Future" (1994) 84 TMR 38, 42.
5. *Warnink (Erven) B.V. v. J. Tounend & Sons (Hull) Ltd.*, 1979 AC 731; (1979) 3 WLR 68; (1979) 2 All ER 927 (HL).
6. Hazel Carty, "Dilution and Passing Off: Cause for Concern" (1996) 112 LQR 632, 636.
7. 1993 FSR 641; (1994) 4 All ER 75 (CA).
8. Hazel Carty, "Dilution and Passing Off: Cause for Concern" (1996) 112 LQR 632, 639.

of passing off are diversion of sales and injurious association.⁹ However, over the years plaintiffs have sought to enlarge the list of alleged heads of damage in a passing off claim. Nothing precludes new heads of damage being added to the tort, but the fact remains that any head of damage pleaded should involve harm to the plaintiff's customer connection. This necessity, to comply with the classic trinity, is often ignored.¹⁰ A startling example of this is *Lego System Aktieselskab v. Lego Lemelstrich Ltd.*¹¹ Here the plaintiffs, the famous toy building bricks company, successfully prevented the defendants from using the trade name "Lego" for their garden equipment (even though it had been legitimately used by them for a long time abroad) on the basis of lost licensing opportunities, loss of expansion potential and loss of control of reputation.

Thus, slowly the erosion of distinctiveness or dilution of a brand name, which may damage the goodwill of a brand name, is being recognised as a head of damage in actions of passing off.¹² However, many a jurist has warned against treating dilution as the sole head of damage in an action of passing off. For example, in *Harrods Ltd. v. Harrodian School Ltd.*¹³, Millett LJ has warned that unless some caution is taken in treating mere dilution as a head of damage, it may result in unacceptable extension to the tort of passing off since it tends to protect the value of brand name as such, which is not the purpose of passing off remedy. Moreover, most often dilution occurs independent of confusion.¹⁴

EXERCISE

1. Critically analyse how the following five characteristics identified by Lord Diplock in *Erven Warnink B.V. v. J. Tounend & Sons (Hull) Ltd.*, 1979 AC 731; (1979) 3 WLR 68; (1979) 2 All ER 927 (HL), tend to extend the ambit of the actionable wrong of passing off beyond the classical trinity:
 - (a) a misrepresentation,
 - (b) made by the trader in the course of trade,
 - (c) to prospective customers of his or ultimate consumers of goods or services supplied by him,
9. *Ibid.*, 640.
10. *Ibid.*, 641.
11. 1983 FSR 155.
12. Read generally, Hazel Carty, "Dilution and Passing Off: Cause for Concern" (1996) 112 LQR 632; Marlene B. Hanson and W. Casey Walls, "Protecting Trademark Good Will: The Case for a Federal Standard of Misappropriation" (1991) 81 TMR 480, 483; Rembert Meyer-Rochow, "Passing Off—Past, Present and Future" (1994) 84 TMR 38.
13. 1996 RPC 697 (CA).
14. *Ibid.*, 715–16.

- (d) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence), and
- (e) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.
2. Discuss the implications of the following observation in *S.M. Dyechem Ltd. v. Cadbury (India) Ltd.*, (2000) 5 SCC 573: AIR 2000 SC 2114.

When the question arises whether a mark applied forbears such resemblance to another mark as to be likely to deceive, it should be determined by considering what is the *leading character of each*. The one might contain many, even most, of the same elements as the other, and yet the leading, or it may be the only, *impression left on the mind* might be very different. On the other hand, a critical comparison of the two marks might disclose *numerous points of difference*, and yet the *idea* which would remain with any person seeing them apart at different times might be the same. Thus, it is clear that a *mark* is infringed if the *essential features*, or *essential particulars of it*, are copied. In cases of *device marks*, especially, it is helpful before comparing the marks, to consider what are the essentials of the plaintiff's device.¹⁵ The trade mark is the *whole thing—the whole picture* on each has to be considered. There may be differences in the parts of each mark, but it is important to consider the *mode in which the parts are put together* and to judge whether the *dissimilarity of the part or parts* is enough to make the whole dissimilar. It has been said that if the only resemblances between two marks are in parts which are common, so that the owner of the one has taken nothing which is peculiar to the other, then there is at all events no infringement, at any rate *unless the plaintiff had a distinctive arrangement of the common elements*. But this approach is hardly suited to a comparison of word marks; and even in relation to label marks or other features of get-up, it would be more appropriate to consider the case as a whole, with due regard to the background provided by any other marks shown to be in use.¹⁶ Therefore, the question is whether the defendant has,—so far as the common feature is concerned,—copied any distinctive arrangement of common elements? Or has copied any unusual feature of the common element (*Crispin & Co's Trade Mark, re*,¹⁷). The marks, names or get-up concerned must always be considered as the *whole thing*, as the true test is whether the totality of the impression given both *orally* and *visually* is such that it is likely to cause mistake, deception or confusion.¹⁸

15. *Kerly's Law of Trademarks and Trade Names* (11th Edn. 1983) para. 17.08.

16. *Ibid.*, para. 17.17.

17. (1917) 2 Ch 267; (1917) 34 RPC 249; 117 LT 358. See, *Kerly's Law of Trade Marks and Trade Names* (11th Edn. 1983) para. 17.18, fn. 77.

18. *Halsbury's Laws of England*, Vol. 38 (3rd Edn.) para. 987.

CADILA HEALTH CARE LTD. v. CADILA
PHARMACEUTICALS LTD.

(2001) 5 SCC 73: AIR 2001 SC 1952

(JUSTICES B.N. KIRPAL, DORAISWAMY
RAJU AND BRIJESH KUMAR)

JUSTICE KIRPAL

[***** discussed the background of the company and the dispute.]

The case of the appellant was that its drug "Falcigo" contains artesunate for the treatment of cerebral malaria commonly known as "Falcipharum". After the introduction of this drug, the appellant on 20-8-1996 applied to the Trade Marks Registry, Ahmedabad for registration in Part A, Class 5 of the Trade and Merchandise Marks Act. On 7-10-1996 the Drugs Controller General (India) granted permission to the appellant to market the said drug under the trade mark of "Falcigo". It is, thereafter, that since October 1996 the appellant claimed to have started the manufacture and sale of drug "Falcigo" all over India.

The respondent Company is stated to have got permission on 10-4-1997 from the Drugs Controller General (India) to manufacture a drug containing "Mefloquine Hydrochloride". The respondent was also given permission to import the said drug from abroad. According to the appellant, it came to know in April 1998 that the said drug, which was also used for the treatment of "Falcipharum Malaria", was being sold by the respondent under the trade mark of "Falcitab". The appellant then filed a suit in the District Court at Vadodara seeking injunction against the respondent from using the trade mark "Falcitab" as it was claimed that the same would be passed off as the appellant's drug "Falcigo" for the treatment of the same disease in view of confusing similarity and deception in the names and more so because the drugs were medicines of last resort.

The respondent Company stated in the defence that the word "Falci", which is the prefix of the mark, is taken from the name of the disease "Falcipharum Malaria" and it is a common practice in pharmaceutical trade to use part of the word of the disease as a trade mark to indicate to the doctors and chemists that a particular product/drug is meant for a particular disease. It was also the case of the respondent that admittedly the two products in question were Schedule "L" drugs which can be sold only to the hospitals and clinics with the result that there could not even be a remote chance of confusion and deception. It may here be noticed that Schedule "H" drugs are those which can be sold by the chemist only on the prescription of the doctor but Schedule "L" drugs are not sold across the counter but are sold only to the hospitals and clinics.

CHARACTER MERCHANDISING

The idea of tortious liability for appropriation of personality was clearly rejected in *Tolley v. J.S. Fry & Sons Ltd.*⁴⁹ Thus, the early decisions of the English Courts inevitably led to the conclusion that they are reluctant to accept a property or any other right in a person's personality *per se* unless the circumstances give rise to defamation or to injury to property, business or profession.⁵⁰ Even now they do not recognise the "right of publicity". What protections they do offer are limited to concepts contained within copyright and trade mark law and laws covering torts such as "passing off"⁵¹.

The recent trend in merchandising using the names and images of celebrities and fictional characters and the consequential exponential growth of the business of merchandising has resulted in an increasing demand for property protection of such characters under different intellectual property laws. Copyright does not protect fictional characters outside the confines of a particular context in which the character is developed.⁵² The issue is if they are removed from their original context to lead an independent life does it result in copyright violation? Protection under copyright law has the limitations attached to the concept of copyright.⁵³

Similarly, protection under the law of trade mark is available only when there is a likelihood of confusion.⁵⁴ Though the Trade Marks Act, 1994 provides that a personal name may be a valid mark, the recent decisions still hold the view that the right to use a personal name as a trade mark does not automatically make it a valid trade mark; the mark must still be distinctive.⁵⁵ Passing off can protect the publicity rights of a person when a defendant uses their likeness in an advertisement "in a

49. 1931 AC 333; 1931 All ER Rep 131 (HL). The earliest recorded case in the United Kingdom that rejected the notion of protecting a name was in 1869 in *DuBoulay v. DuBoulay*, 17 WR 594 which stated, "we do not recognise the absolute right of a person to a particular name whatever cause of annoyance it may be". *Read, Carrie Rainen, "The Right of Publicity in the United States and the United Kingdom"* (2005) 12 New Eng J Int'l & Comp L 197, 215.

50. Tim Frazer, "Appropriation of Personality—A New Tort?" (1983) 99 LQR 281, 286. However, there are views to the effect that *Elvis Presley decision*, (1999) RPC 567 suggests that character merchandising in the UK still remains relatively unprotected when compared to other jurisdictions. *Read, Jennifer Davis, "The King is Dead: Long Live the King"* (2000) Cambridge Law Journal 33, 34.

51. *Carrie Rainen, "The Right of Publicity in the United States and the United Kingdom"* (2005) 12 New Eng J Int'l & Comp L 197, 216.

52. Cornish and Llewelyn, *Intellectual Property* (5th Edn., Sweet & Maxwell 2003) 624. Also read, Leslie A. Kurtz, "The Independent Legal Lives of Fictional Characters" (1988) 20 IPLR 249, 250.

53. For a detailed analysis read, A. McGee and G. Scanlan, "Copyright in Character" (2003) JBL 470.

54. *Lyngstad v. Anabas Products Ltd.*, 1977 FSR 62 (Eng.).

55. *Carrie Rainen, "The Right of Publicity in the United States and the United Kingdom"* (2005) 12 New Eng J Int'l & Comp L 197, 220.

way that will lead the public to believe that the celebrity is either associated with the subject of the advertisement, or is endorsing the subject of the advertisement"⁵⁶. To succeed in this action, a plaintiff would have to show that their likeness has been commercially exploited and that "misrepresentation is likely to cause confusion amongst consumers and a loss of income to the plaintiff". In order for a plaintiff to satisfy the element of a likelihood of confusion, courts will often require the parties to be in "a common field of activity".

Even under the expanded definition of the tort of passing off as described in *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd.*⁵⁷, Lord Diplock identified the five necessary characteristics of a passing off action, *viz.* (i) a misrepresentation; (ii) made by a trader in the course of trade; (iii) to prospective customers of his or ultimate consumers of goods or services supplied by him; (iv) which is calculated to injure the business or goodwill of another trader; and (v) which causes actual damage to a business or goodwill of the plaintiff or will probably do so. In cases involving appropriation of personality though it is easy to prove the first three elements, it is difficult to prove the last two elements unless the person whose personality is appropriated is a "trader" in the sense that he or she has a business or goodwill capable of being damaged by the appropriation. A strict approach to the last two elements would include within the category of "trader" only those persons who have, or are reasonably likely to have, a business in the licensing of their personality for commercial purposes. However, some hold the view that this would adversely affect stage and sporting celebrities, whose personalities are used for a wide range of advertising and other commercial purposes. The unauthorised use of their personality for commercial purposes could clearly injure such a business.

In the US, *Edison v. Edison Polyform and Mfg. Co.*⁵⁸, decided in 1907 was the first case to find that commercial misappropriation of another's identity "infringes on an economic interest"⁵⁹. The concept of "right of publicity" finally got crystallised in the American legal system in 1953 as in *Haelan Laboratories Inc. v. Topps Chewing Gum Inc.*⁶⁰ In this decision the "right of publicity" was acknowledged to confer on a person the same benefits as any other property right, namely, the "exclusive, assignable and descendible" right. The right of publicity tort involves

56. Kevin M. Fisher, "Which Path to Follow: A Comparative Perspective on the Right of Publicity" (2000) 16 Conn J Int'l L 95, 107, 109.

57. 1979 AC 731; (1979) 3 WLR 68; (1979) 2 All ER 927 (HL).

58. 67 Ati 392; 73 NJ Eq 136 (NJ Ch 1907).

59. *Carrie Rainen, "The Right of Publicity in the United States and the United Kingdom"* (2005) 12 New Eng J Int'l & Comp L 197, 202.

60. 202 F 2d 866, 868 (2nd Cir 1953) cert. denied, 346 US 816 (1953). Judge Jerome Frank who authored this decision was the first to coin the term "right of publicity". See for a detailed discussion of the history, *Carrie Rainen, ibid.*

the appropriation of a celebrity's name or identity for commercial purposes. It seeks to protect the property interest that a celebrity has in his or her name; the injury is not to personal privacy, it is the economic loss a celebrity suffers when someone else interferes with the property interest that he or she has in his or her name.⁶¹ What is protected under the right of publicity is "the persona"⁶². In short, in the US, appropriation of personality of a celebrity is recognised as a tort in that it amounts to appropriation of his right of publicity, damages for which are intended to compensate for the loss of goodwill by the use of celebrity's personality. The tort of passing off is based on the property value of goodwill in a business. This is precisely what is affected by the appropriation of a celebrity's personality. Further, the principles of unjust enrichment demand that a person must not "unjustly" benefit at the expense of another; in the case of a celebrity, such expense may be very tangible.⁶³

The extension of such right to fictional characters is yet another problem. The names, images and other indicia of well-known characters are frequently exploited in connection with a wide range of merchandise, and have been used in extensive licensing programs to promote everything from children's toys to fast food restaurants. Product licensing may sometimes be more profitable than the fictional work from which the character is derived.⁶⁴ Though the popularity of the character or work in which it appeared may create the demand for the product, consumers will not necessarily believe that the character's creators sponsored or authorised this additional use.⁶⁵

STAR INDIA (P) LTD. v. LEO BURNETT (INDIA) (P) LTD.
(2003) 27 PTC 81 (Bom)

JUSTICE F.I. REBELLO

[Facts of the case and arguments on copyright discussed in Chapter III. Only portions dealing with character merchandise are added here.]

One of the questions addressed by the Court is: Have the plaintiffs proved that the defendants are guilty of passing off their reputation and goodwill in the TV serial, by misrepresenting the connection between the plaintiffs and the defendants and thereby causing damage to the

61. Carrie Rainen, *ibid*, 206.

62. Prof. McCarthy uses "persona" as an umbrella term for several different aspects of a person that could be misappropriated. These include the name or nickname, the voice, the image, and the performing style, or "other indicia which identify the 'persona' of a person". *Ibid*, 207.

63. *Ibid*, 309.

64. Leslie A. Kurtz, "The Independent Legal Lives of Fictional Characters" (1988) 20 IPLR 249, 315-16.

65. *Ibid*.

plaintiffs; and thereby defeating the plaintiffs' character/merchandising rights, etc.?

[***** discussed the arguments on copyright violations and continued.]

That brings us to the last issue of passing off. On behalf of the plaintiffs it is contended that passing off is a single common cause of action which can apply to an extremely wide range of factual situations. Being a cause of action available in common law, the Court will guide itself on basis of strong common sense approach to the facts of each case. It is contended that the Courts must adopt the tort of passing off to fit changing situations. In the instant case it is contended by the plaintiffs that the motive for the defendants' misappropriation of the plaintiffs' goodwill is obvious. The defendants have attempted to encash the goodwill generated by the plaintiffs' serial to boost the sale of the defendants' product. This is actionable *per se*. If such conduct is not injuncted it would amount to a licence to every defendant in the case, like the present, to appropriate the benefit of goodwill assiduously built up by another. The law of passing off, it is contended, is meant to counter precisely much conduct.

The classic submission of passing off, it is contended requires (a) existence of goodwill or reputation attached to the plaintiffs' serial and characters in the serial in the minds of the public viewers; (b) misrepresentation by the defendants to the public such as is likely to lead the public to believe that either there is a business transaction/association between the serial's characters or the serial or that the serial and the characters in the serial endorse and/or approve the defendants' product Tide detergent, and (c) that the plaintiffs have suffered or are likely to suffer loss or damage by reason of the defendants' appropriation of the plaintiffs' goodwill or reputation.

[***** discussed the arguments of the parties and continued.]

It will therefore be essential to examine whether the plaintiff has established the basic ingredients giving rise to a cause of action in a case or breach of the tort of passing off. The three predicates to be established may be reiterated as under: (1) the plaintiffs' goodwill and reputation in the mark amongst the public; (2) the defendants' misrepresentation that the article is that of the plaintiffs; and (3) actual damages or real likelihood of damage to the plaintiffs by the defendants' act.

The two items being considered are *prima facie* different—one a serial of several episodes to the knowledge of the public and the other a fleeting commercial of totally 30 seconds, of which the breach complained of is only of 10 seconds. In the commercial the Tide detergent is prominently featured. A member of the public mistaking the film/serial for the TV commercial or the TV commercial of 30 seconds for the film/serial or believing some association amongst the two or its characters is too fanciful, far-fetched at least at this stage there is no material. The plaintiffs' work consists of a film which is a long soap opera and on the

plaintiffs' own averment is so popular that the public knows what the serial is about. The defendants' TV commercial on the other hand is of 30 seconds duration of which 20 seconds promote the defendants' product Tide detergent. The defendants' commercial is for promotion of their own product "Tide". Under these circumstances *prima facie* it cannot be mistaken for the film/serial of the plaintiffs. The defendants have not presented their commercial as a film/serial. In these circumstances it is debatable whether any member of the public is likely to believe it to be so. The test always obviously is of a "prudent person"⁶⁶ for a thing to be passed off. If this test is applied of a normal, prudent person, would such prudent person be confused and will take one for the other.⁶⁷

Considering these decisions, what the Court must apply and consider are not merely hypothetical or fanciful possibilities but to consider the real probabilities and the practicalities of the situation. Thus compared the work of the plaintiffs which altogether will be about 87 hours duration or a single episode of 30 minutes shown on the Star Plus Channel and the other a TV commercial of 30 seconds never shown on Star Plus Channel with Tide detergent being the focus and dominant part thereof, the question of being passed off for the other or of one being associated with the other or the public being misled or confused in any manner to believe one to be the other or even associating the defendants' commercial with the plaintiffs or their serial or the characters therein is very much doubtful. It is, therefore, clear considering the material on record and the test of a prudent person, it is not possible that a reasonable person or the public would be misled or confused in any manner to believe and/or associate the defendants' commercial with the plaintiffs' cinematographic film and/or the characters therein.

The second predicate which is to be considered is whether the defendants are guilty of misrepresentation and thereby occasioned damage to the plaintiffs or possibility of damage. The plaintiffs' serial is a film which has its viewers and which is not telecast on the same channel as that of the defendants' commercial. It is only in the event of those watching the plaintiffs' film happen also to come across the defendants' commercial an occasion would arise of misrepresentation. The defendants' commercial cannot in anyway affect viewership of the plaintiffs' film or the potential TRPs or sponsorships value/possibilities thereof. Therefore the possibility of any damage caused not any likelihood of damage, much less of real damage being caused, are too remote. The field which the plaintiffs' serial occupies as a film/soap opera is

66. See, *R.G. Anand v. Delux Films*, (1978) 4 SCC 118: AIR 1978 SC 1613.

67. See, *Francis Day and Hunter Ltd. v. Twentieth Century Fox Corpn. Ltd.*, 1940 AC 112: (1939) 4 All ER 192 (PC); *Green v. Broadcasting Corpn. of New Zealand*, 1989 RPC 469; *Miss World (Jersey) Ltd. v. James Street Productions Ltd.*, 1981 FSR 309 (CA); *Dicks v. Yates*, (1881) 18 Ch D 76 (CA).

different from the field of defendants' commercial that of an advertisement of detergent Tide. While the field of activity being common is not an essential element of passing off, the field of activity whether it is the same or different, is always a relevant consideration to determine the question.⁶⁸ A Division Bench of this Court in *Aktiebolaget Volvo of Sweden v. Volvo Sheets Ltd. of Gujarat (India)*⁶⁹ has observed that the absence of common field of activity therefore is not fatal but it is not relevant either in deciding whether there is a likelihood of confusion. It is an important and highly relevant consideration. This Court further observed that the crux of passing off action lies in a possible deception. The existence of common field of activity is always a relevant consideration. If there is a common field of activity, possibility of deception is very high and if there is no common field of activity, the possibility is less but it cannot be laid down as a rule of law that there can be no possibility at all. Considering this aspect, there is no material on record, at least at this stage to arrive at a conclusion that the plaintiffs have satisfied the essential pre-requisite of damage. If that be the case and as no passing off arises and as such no injunction can be granted.⁷⁰

I then come to the third ingredient required, namely, reputation. The plaintiffs' claim to reputation is a reputation in the film/serial as a film/serial. It is no doubt true that, according to the plaintiffs' own averment, it is linked to the Star Plus Channel. Assuming it not to be so, the burden lies on the plaintiffs that they have a reputation which exists. The plaintiffs' claim to reputation is based on the film and characters. The reputation does not extend to or separately exist in any particular person or dialogue in or part of a serial so that any member of the public would associate any particular incident or script or word or sentence or scene in the film with the plaintiffs alone. There is no such material on record. It is not the plaintiffs' case that a member of the public on seeing elsewhere a scene or incident similar to one in the plaintiffs' film will think that what he has seen elsewhere is the plaintiffs' film is necessarily associated with the plaintiffs' serial or is put out by the plaintiffs. The plaintiffs have no monopoly over such incidents/scenes and at least no evidence has been produced to establish this, which is purely a question of fact. The entire case of the plaintiffs is based on an incident in one of the episodes of the film. The incident is an ordinary scene in a family. It is not exclusive or particular to the plaintiffs' film. Probably the public view the scene without any regard to its source and solely as part of the defendants' work promoting the product "Tide". At any rate, there is no material, at this stage to hold that the public associates the defendants'

68. See, *Kerly's Law of Trade Marks and Trade Names* (13th Edn., Sweet & Maxwell) paras. 14.75-14.77.

69. 1998 IPLR 63.

70. See, *Merchandising Corpn. of America Inc. v. Harpbond Ltd.*, 1983 FSR 32.

commercial Tide detergent as coming from or of the plaintiffs. The case of the plaintiffs is as of today, that they have not endorsed any products based on the serial or its characters. The necessary element of citation required has, therefore, not been established and as such, the plaintiffs would not be entitled to reliefs as prayed.

Let me now independently deal with the claim of passing off on the basis of character merchandising. Are there sufficient pleadings in the plaint to base a claim of character merchandising? The case of passing off has to be established on facts and essential basis must be the pleadings in the plaint. However, there are some averments which possibly can enable the plaintiffs to argue the tort of merchandising. In fact it has been argued at the Bar and parties have been heard. In this context I propose to deal with the issue based on the material and argument advanced. The serial has been running for over two years. It is not the case of the plaintiffs that till date they have done any character merchandising in relation to the film or serial or that they have entered into any agreement for that purpose. The entire claim is based on potential for character merchandising. The case of the plaintiffs as pleaded in para. 10 of the plaint is that they are considering using the serial and the characters therein for the purpose of endorsing products and service for a fee. Reliance is placed in the judgment of *Athlete's Foot Mktg. Associates Inc. v. Cobra Sports Ltd.*⁷¹ In that case the plaintiffs carried on business in the USA and elsewhere in which they granted franchises to independent stores to carry on business in the supply of footwear to athletes under the name "The Athlete's Foot". Defendant 1 carried on business as retailers of shoes in the name of "Athlete's Foot Bargain Basement". A prospective franchisee in UK had even gone so far as to order goods and stationery with a view to establishing a chain of stores under the name "The Athlete's Foot" in the UK. In this case really what was in issue was an action in passing off and not really character merchandising. We may then consider the case in *Tavener Rutledge Ltd. v. Trexapalm Ltd.*⁷² The plaintiff company in that case was using the word "Kojakpops" as a brand name for its lollipops. Other manufacturers had adopted similar names but had ceased to do so shortly before the defendant company came on to the market. "Kojak" was the name of a television series, the leading (fictitious) character being a detective who had the habit of sucking lollipops. The plaintiff company did not have a licence to use the name from the proprietors of the television series. The defendant company which claimed that it did have such a licence began to sell the lollipops under the brand name "Kojak Lollies." The plaintiff commenced an action. The question posed was, do those two fields of activity interest in any such way as would enable the Universal City Studios to claim that, by putting out their lollipops as

71. 1980 RPC 343.

72. 1975 FSR 479; 1977 RPC 275.

"Kojakpops", the plaintiffs were infringing any right of Universal City Studios? The Court observed in its judgment the answer to that is in the negative, because there is no relevant field of activity either actual or existing in the mind of the public which is common to both of them. The Court observed further that the business of what is called character merchandising, has become very well known in our present times and everyone who has a character, whether real or fictional, to exploit does so by the grant of licences to people who wish to use the name of the real or fictional character, but when one has a fictional character such as Kojak, obviously Kojak in that sense does not exist and no one would imagine that the lollipops put out by the plaintiff company have been actually endorsed by Kojak, still less by the actor who plays the fictional character. The Court observed that what has to be established is that he had become well known, that people in the situation of licensors of these names exercised quality control over any product bearing their name, so that as soon as anyone in the street came to the conclusion that a product was licensed by the owners of some series, such as the Kojak series he would say to himself not only, "This must have been licensed by them", but also, "and that is a guarantee of its quality".

In *BBC Worldwide Ltd. v. Patty Screen Printing Ltd.*⁷³, the action for passing off was of the product Teletubbies, on the grounds that the plaintiffs had built up a reputation in relation to the merchandising of the Teletubby characters and that the goods of the defendants would lead to deception of the public or, alternatively, it would amount to putting instruments of deception into the hands of the other defendants which would in turn lead to the deception of the public into believing that the products of which complaint has been made in the action are products of, or associated with, or put out with the authority of the plaintiffs. The question the Court answered was as under:

It seems to me that it inevitably must be a question of fact whether or not members of the public seeing the T-shirts in issue will be deceived. To succeed on this part of the case the plaintiffs will need to show that they have built up the necessary reputation so that members of the public would look at this type of artwork and consider it to represent the plaintiffs or products made with the plaintiffs' approval ...

*Children's Television Workshop Inc. v. Woolworths (N.S.W.) Ltd.*⁷⁴ is a judgment of the Supreme Court of New South Wales-Equity Division. It was about a character "Muppet". The issue before the Court was that there were numerous Muppet products on the market in Australia all of which had been made under licence from Plaintiff 1. Plaintiff 3 was a potential licensee for Muppet characters in the form of plush toys. The defendants sold certain plush toys which had physical characteristics

73. 1998 FSR 665.

74. 1981 RPC 187.

similar to those of the Muppet characters "Oscar the, Grouch", "Big Bird" and "The Cookie Monster", which had not been made under licence from Plaintiff 1. On the grant of interim relief the Court held that the toys sold by the defendants would be taken by the public to be toy representations of the Muppet character; that Plaintiff 1 had established a business reputation in Australia in relation to toys. The Muppet characters were only recognised because they were out of the Plaintiff 1 show and there was an association in the minds of the public between Plaintiff 1 and the representations of its characters in any form, and certainly in toys of the present sort, and that established the reputation of Plaintiff 1 in them; Plaintiff 3 has no such reputation; until it established itself as licensee and carried on business in this field it would not be proper to assume an association between it and the sale of the Muppet characters as would entitle it to claim that the defendants' toys were being passed off as products emanating from it or as products made under its license; that the defendants and the plaintiffs were operating in a common field of business activity. The business of the plaintiffs, and that of Plaintiff 1 in particular, was to get its character reproductions on to the market in various forms and sell to the public; this was done through licensing arrangement which generated revenue. The business of the defendants was to get goods on to the market. As far as passing off was concerned, it did not matter that in the former case the goods came on to the market via a licensing arrangement; and the activities of the defendants were likely to lead to confusion and deception. The deception was that the public would believe that Plaintiff 1 as a licensor was associated with the defendants to sell them.

Considering the test applied in the various judgments, there is no evidence whatsoever of any member of the public associating any particular character in the serial as being associated exclusively with the plaintiffs when that character is being used otherwise than in the course of the film as a character therein and in connection with any other business or product. There can be and is no evidence to this effect because, admittedly, the plaintiffs have not done any character merchandising. As there is no evidence which is a prerequisite for passing off action, the plaintiffs' action must fail on that count.

Character merchandising involves the exploitation of fictional characters or the fame of celebrities by licensing such famous fictional characters to others. The fictional characters are generally drawings in which copyright subsists, for example, cartoon; and celebrities are living beings who are otherwise very famous in any particular field, for example, film stars, sportsmen. It is necessary for character merchandising that the characters to be merchandised must have gained some public recognition, that is, achieved a form of independent life and public recognition for itself independent of the original product or independent of the

milieu/area in which it appears. Only then can such character be moved into the area of character merchandising. This presumes that the character has independently acquired such reputation as to be a commodity in its own right independently of the goods or services to which it is attached or the field/area in which it originally appears. It is only when this is established on evidence as a fact, that the claimant may be able to claim a right to prevent any one else from using such a character for other purposes. In the instant case, the plaintiffs, admittedly, have not done any character merchandising at all so far as any character in their film/serial is concerned. There is no question, therefore, of any character in the serial having acquired any public recognition or reputation or an independent life of its own separate from its position as a character in the serial as it has become a commodity in its own right, independent of the film/serial. In these circumstances, the question cannot arise of the plaintiffs making any claim to exclusive right to a character or be entitled to any reliefs on the alleged basis that the public associates any character in the serial exclusively with the plaintiffs, in relation to the business of character merchandising. On the facts of this case, there is no fictional character involved like "Superman", "Teletubbies" or "Lone Ranger". In the serial there are ordinary people in common life who play the role of some character or the other. At least from the material on record there is nothing special in any of the characters of which it can be said that they have gained any public recognition for itself with an independent life outside the serial. This, the plaintiffs have failed to establish.

It is no doubt true that the plaintiffs have relied upon the judgment in *Shaw Bros. (Hong Kong) Ltd. v. Golden Harvest (HK) Ltd.*⁷⁵ The character concerned was a fictional character "the One Armed Swordsman". It was a case of use of the very character in one film and in another film. In the instant case as already held the plaintiffs have not established any reputation in any particular character in the serial at all. It is also not a case of one film against another film and further the defendants are not merchandising any character form by means of their TV commercial.

In *Hexagon Pty. Ltd. v. Australian Broadcasting Commission*⁷⁶, case was of fictional character of fantasy called "Alvin Purple". On facts it was held that the plaintiffs had built up goodwill in the films entitled "Alvin Purple", and the character in the rival film was the same character as "Alvin Purple" in the plaintiffs' film. On facts it was held that this was a case of passing off.

In *Mirage Studios v. Counter-Feat Clothing Co. Ltd.*⁷⁷, the case was of a fictional cartoon character called "Ninja Turtles". The plaintiffs had done extensive character merchandising of those cartoon characters with

75. 1972 RPC 559.

76. 1976 RPC 628.

77. 1991 FSR 145.

over 150 licenses having been granted to use those characters in respect of a wide range of goods. On facts and evidence on record, the Court held that the plaintiffs' business was to license the reproduction of the said cartoon characters on goods sold by other people which licensing business they had extensively carried on. The public were aware that the characters were connected with the plaintiffs. The case of *Fletcher Challenge Ltd. v. Fletcher Challenge Pty. Ltd.*⁷⁸ would not apply as it is not based on character merchandising.

I will deal with the last of the submissions of future potential for character merchandising. It is the contention of the plaintiffs that future potential of character merchandising in relation to the characters in the serial is affected by the defendants' actions of making the commercial. As laid down earlier *prima facie*, authorities show that for an action based on character merchandising there must be in fact, character merchandising and that mere potential for merchandising the character by itself is not sufficient. However, it is not possible to rule out the proposition that the mere potential for merchandising is not sufficient to maintain an action. A character may have grown out beyond the film when the people would identify and, therefore, there is a probability of it being potentially merchandised. On the facts of this case there is no such material of any form or character setting this role. None of the models or actors have acquired such fame or a character has become identifiable in the minds of the public, which can be said to be particularly merchandised. The plea of the plaintiffs is that the public associate the characters, Tulsi, Savita and J.D. with the plaintiffs' serial. There is nothing to show that the characters Tulsi, Savita or J.D. by themselves are capable of being marketable independently or jointly. They are merely the main characters in the serial as the material now stands.

In the instant case, the defendants are merely promoting their own product, that is, Tide detergent. Can it be said that the defendants' act of promoting their product Tide would in any manner affect the plaintiffs' future potential of merchandising the character in their serial. There is no material of real likelihood of damage being caused to the plaintiffs by the acts of the defendants. The mere act of TV advertisement by the defendants cannot prejudice the plaintiffs' chances of exploiting their merchandising rights if any in respect of the characters in the serial. The fields of activity of the plaintiffs and of the defendants are totally different. As noted this is a relevant consideration in passing off action. When the fields of activity are different, the stronger is the evidence necessary to establish misrepresentation and the real likelihood of damage. To succeed in a case of character merchandising the plaintiffs must establish as a fact, by material and evidence, that the public would look at the

78. 1982 FSR 1 (Aust).

character and consider it to represent the plaintiffs or to consider the product in relation in which it is used as has been made with the plaintiffs' approval. On material on record the plaintiffs have failed to establish this. The plaintiffs cannot establish it as they have not even begun character merchandising in respect of the characters in the serial. On the contrary, members of the public viewing the TV commercial will in all probability associate with the product Tide of the defendants and not with the plaintiffs' serial or character therein. The defendants have pleaded, and in my opinion rightly, that they are a major consumer goods company, well known in their own right and their products including Tide have their own reputation amongst the public: Tide will be associated with the defendants and not with the plaintiffs. The issue of misrepresentation is a question of fact which in the instant case the plaintiffs have failed to discharge.

At any rate the plaintiffs ought to have established that the acts of the defendants have caused damage or that there is real likelihood of damage.⁷⁹ The Court's bare observation that the need for a real possibility of confusion is the basis of the action. It is necessary to show that reasonable people might think that the plaintiffs' activities were associated with the defendants' goods or business, and on evidence the Court must be satisfied that there is a real possibility of confusion.⁸⁰ Establishing passing off by goods in which the claimant does not trade, calls for special evidence to establish that the defendants' action would induce the belief, if any, that his goods are those of the claimant, at least that his business is an extension of or somehow connected with that of the claimant or that his goods have been somehow connected with that of the claimant. In relation to character merchandising, unless the public can be shown to be well aware of merchandising in the particular field, there will be, in general, no obvious link between the production of television programmes or film and the manufacturer of toys, clothes etc., with which character names may be profitably used. Once merchandising is well on the way, some one will have the goodwill.

From the above, therefore, it is clear that there do arise triable issues. The test is not, however, *merely of triable issues*. They must be strong triable issues as explained in *American Cyanamid Co. v. Ethicon Ltd.*⁸¹, which principles have been reiterated by the Supreme Court in *Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd.*⁸² Looking at the material

79. See, *Merchandising Corp'n. of America Inc. v. Harpbond Ltd.*, 1983 FSR 32; *Stringfellow v. McCain Foods (GB) Ltd.*, 1984 RPC 501; 1984 FSR 175 (CA); *Lyngstad v. Anabas Products Ltd.*, 1977 FSR 62 (Eng.).

80. *Miss World (Jersey) Ltd. v. James Street Productions Ltd.*, 1981 FSR 309; and *Kerly's Law of Trade Marks and Trade Names* (13th Edn., Sweet & Maxwell) paras. 14.75-14.77.

81. 1975 AC 396; (1975) 2 WLR 316; (1975) 1 All ER 504 (HL).

82. (1999) 7 SCC 1; AIR 1999 SC 3105.

on record, the plaintiffs have failed to establish a strong *prima facie* case. That by itself would disentitle the plaintiffs to the reliefs prayed for.

Even assuming otherwise, the material on record and the contention advanced would only show that what the plaintiffs are pleading by way of passing off action/character merchandising as a future potential. Real likelihood of damage or probability of damage has not been established. The defendants' commercial is meant to promote their product "Tide". In these circumstances, to my mind it is clear that the plaintiffs have not been able to satisfy, at this stage, that the balance of convenience is in their favour and/or irreparable injury would be caused to them, if the defendants are allowed to air their TV commercial. At any rate, the plaintiffs can always be compensated by way of damages if they succeed, as it is the plaintiffs' case themselves that the defendants are a financially sound Company.

Considering the above, to my mind, no case is made out for the grant of any relief and, consequently motion stands dismissed. In the circumstances of the case, each party is to bear their own costs.

POINTS FOR DISCUSSION

1. Discuss the exact scope of the concept of character merchandising.
2. Critically examine the modern developments in the concept of passing off.
3. Do you agree with the reasoning of the Court?
4. Do Indian Courts recognise the concept of character merchandising? If so, what are limits of such a protection?
5. Do you think that the argument for common field of activity sounds well with the concept of character merchandising, if at all it is to be recognised as a form of passing off?

AMBUSH MARKETING

Ambush marketing, a term first coined by Jerry Welsh, broadly refers to a situation in which a company or product seeks to ride on the publicity value of a major sporting event without having contributed to the financing of the event through sponsorship.⁸³ Big companies, for the purpose of advertising their products or business, sponsor major sporting events. However, most often, such events are hijacked by their competitors or other business concerns by associating their products with the event. Ambush marketing is a phrase that describes the actions of companies who seek to associate themselves with a sponsored event without paying the requisite fee.⁸⁴

83. "A-Z of Ambush Marketing", available at <<http://www.magIndia.com/manarch/news/man9358.html>>.

84. Russell H. Falconer, "Ambush Marketing And How To Avoid It", available at <<http://www.geocities.com/athens/acropolis/5232/ambush.html>>.

There are wide varieties of practices which are considered to be examples of ambush marketing like, the placement of competitive advertising on television broadcasts of the event, placement of hoardings or booths at strategic locations or near the site of an event, using illustrations or photographs of places, buildings, etc. that are associated with an event in advertising as background to the ambusher's product, unauthorised use of logos or designs associated with the event etc.

However, there is also the opinion that ambush marketing is essential for healthy competition. Jerry Welsh holds the view that "Ambush Marketing, correctly understood and rightly practiced, is an important, ethically correct, competitive tool in a non-sponsoring company's arsenal of business—and image-building—weapons." According to him, "to think otherwise is either not to understand—or wilfully to misrepresent—the meaning of ambush marketing and its significance for good—and winning—marketing practice."⁸⁵

Jerry Welsh, "horrified at what an unrecognisable ogre has been made" of his "beautiful, conceptual marketing child, ambush marketing", has intervened to explain the exact scope of ambush marketing thus:

The point to understand is that, in buying a sponsorship, a company buys only that specific, packaged product, offered as it is, with its constituent parts and attendant rights (and its liabilities). In sponsoring, the company does not thereby purchase the rights to all avenues leading to the public's awareness of that property; and more importantly, the company does not buy the rights to the entire thematic space in which the purchased property is usually only one resident.

In other words, all else other than that which is specifically purchased is up for commercial grabs. That's as it should be in sponsorship and as it is in the larger world of both commerce and life: when you own and licence Kermit you have only given the rights you own to one specific frog—not to all frogs, and may be not even to all green ones. *****

The contrary notion, put forward largely by sloppy event organisers, that non-sponsors have a moral or ethical obligation to market themselves totally away from the thematic space of a sponsored property, is simply non-sense which smart marketers have long recognised as a commercial non-starter, as well as an intellectual affront. Sponsors have bought a specific property; they have not bought a thematic space. Accordingly, they have no right to police, protect, and otherwise administer what they have not bought, have not created and therefore, do not own.

Once a sponsorship has been undertaken, then the real marketing games begin, assuming only that non-sponsors want to occupy the thematic space that the sponsors—by virtue of their having paid the fee—now occupy. The competitive thinking goes like this: what programs, events and other similar

85. Jerry Welsh, "Ambush Marketing: What It Is, What It Isn't", available at <<http://www.poolonline.com/archive/issue19/iss19fe05.html>>.

promotions can one do, within the space, to get the marketing benefits, without having paid the fee for the sponsorship in that space.

What's wrong with that? Where's the 'parasitic marketing', to quote a favourite phrase of the putatively aggrieved event organisers and their sponsors? Smart marketing is 'parasitic' only to those who foolishly have not sufficiently covered their sponsorships with adequate, anti-competitive bullet-proofing. As your competitor, I do not have the ethical obligation to make sure that your sponsorship is successful. I could—but will not do so here—argue that the reverse obligation may well be the appropriate ethical and practical stance for me.

Though there is the fear that ambush marketing may ultimately jeopardise sponsorship markets of sporting events, sports organisations remain reluctant to challenge ambush marketing campaigns legally for several reasons ranging from comparatively short life of ambush campaigns to fear of adverse court decisions which may open the floodgates of ambush campaigns.⁸⁶ They also apprehend the chance of the companies putting forward the defence of commercial free speech and fair use.

The following is a case in which the Court expressed the view that ambush marketing does not amount to passing off and it is only a form of commercial free speech.

ICC DEVELOPMENT (INTERNATIONAL)
LTD. v. ARVEE ENTERPRISES
(2003) 26 PTC 245 (Del)

JUSTICE S.K. AGARWAL

This order will dispose of plaintiff's application under Order 39 Rules 1 and 2 read with Section 151 of the Code of Civil Procedure, 1908 for temporary injunction restraining defendants from publishing any advertisement associating themselves with the plaintiff and the "Cricket World Cup" in any manner whatsoever, passing off plaintiff's indicia and the marks; and indulging in unfair trade practice misappropriating its publicity rights. The challenge is to the sale promotion campaign by the second defendant offering Cricket World Cup tickets as prizes, using the slogans "Philips: Diwali Manao World Cup Jao" and "Buy a Philips Audio System win a ticket to the World Cup", inserting a pictorial representation of a ticket with an imaginative seat and gate number saying "Cricket World Cup, 2003".

Facts in brief are: the plaintiff—ICC Development (International) Ltd. (hereinafter "IDI") has filed a suit for injunction pleading that the plaintiff company is formed by the members of International Cricket Council (hereinafter, "the ICC") to own and control all its commercial rights

86. Lori L. Bean, "Ambush Marketing: Sports Sponsorship Confusion And The Lanham Act" (1995) 75 BUL Rev 1099, 1101.

including media sponsorship and other intellectual property rights relating to the ICC events. Plaintiff is the organiser of ICC World Cup to be held in South Africa, Zimbabwe and Kenya from 8-2-2003 till 23-3-2003 (hereinafter, "the event"). The plaintiff has created a distinct "logo" and a mascot for the event. Owing to wide publicity of the said logo and mascot, members of the public associate the same exclusively with the plaintiff. The plaintiff has filed applications for registration of its trade mark in several countries. In India, it has filed applications for registration of words "ICC Cricket World Cup South Africa, 2003" and logo and the mascot "Dazzler". It is pleaded that ICC events have acquired a "persona" or "identity" of their own. The official sponsors of the World Cup are: 1. Pepsi, 2. Hero Honda, 3. LG Electronics, 4. South African Airways, 5. Hutch Orange, 6. Standard Bank-South Africa, 7. Toyota South Africa, 8. South African Breweries, and 9. MTN.

It is alleged that the first defendant is the authorised dealer for sale and service of electronic goods manufactured by the second defendant—Philips India Ltd. The defendants are misrepresenting their association with the plaintiff and the World Cup, by advertisements in media, including newspapers, television, internet and magazines and by using said offending slogans with the intention to unlawfully derive commercial benefit of association with the plaintiff and the World Cup thereby seeking to piggyback on the reputation of the plaintiff. It is further pleaded that the defendants' actions are *mala fide* and dishonest, guided by the sole intent of damaging the reputation of the plaintiff and the sponsors of the event, who are engaged in the same line of business as the defendants are, who have been duly authorised by the plaintiff to associate themselves with the World Cup and to offer such schemes. It is pleaded that the ticket conditions of the event prohibit such distribution of tickets, unless authorised by the plaintiff and that the defendants have resorted to "ambush marketing" to take advantage of the World Cup thereby causing irreparable harm and injury to them. It is also pleaded that defendants are also depriving the sponsors of the event from enjoying the exclusivity of rights granted to them and preventing the plaintiff from performing its contractual obligation. On these averments, the plaintiff has also sought an interim injunction against the defendants.

The second defendant Philips India Ltd. has filed the written statement denying the averments made in the plaint and raising several preliminary objections. It is, inter alia, pleaded that the plaint has not been signed and verified by the authorised person; Ms Reema Kalra, who has signed and verified that the plaintiff is not a duly constituted attorney of the plaintiff; the suit is bad for non-joinder of necessary parties; neither International Cricket Council (ICC), which is alleged to be the organiser of the event nor United Cricket Board of South Africa (for short "UCBSA") the host has been impleaded as the party; no documents

showing alleged rights granted by ICC have been filed; there is no cause of action for filing the plaint; the plaintiff has no locus standi to maintain the suit in respect of the alleged logo or the trade mark; the suit is not maintainable under Section 38 of the Specific Relief Act; the World Cup as defined by the plaintiff in the plaint means a sporting event to be held in South Africa, Zimbabwe and Kenya from 8-2-2003 till 23-3-2003 and not a trade name and property of the plaintiff in respect whereof an injunction has been prayed. The "World Cup" being a generic word is not capable of conferring any exclusive rights much less trade mark rights on anyone using the same. Generic words denote the product or service in question and therefore are meant to be available for use by everyone. Generic words can never be the trade marks even upon evidence of earlier user or reputation. The genericness of the words "World Cup" can be derived from the fact that the said words have been used to refer to several other international sporting events like: Football-FIFA World Cup, Hockey-FIH World Cup, paragliding, Skiing, Horse Racing, Skateboarding, Rugby, Boxing; the defendants have neither used the logo nor the entire phrase "ICC Cricket World Cup South Africa, 2003" hence no dishonest or *mala fide* intention can be imputed to them; the defendants have not sought to derive any association, relationship or affiliation with the plaintiff; and that the defendants have not used the World Cup in the course of trade or in a trade mark significance nor it is used to indicate a trade origin or that they are the sponsors of the event. The user constitutes protectible descriptive fair use, which is permissible under Section 34 of the Trade and Merchandise Marks Act, 1958 which enables the use of even the registered trade mark for bona fide description of any product. The World Cup is not protected by any international treaty or domestic law unlike the word "Olympics" and its logo, which is protected under the Emblems and Names (Prevention of Improper Use) Act, 1950. It is pleaded that in 1975, 1979 and 1983 the events were referred to as "Prudential Cups" while the 1987 Cup was referred to as the Reliance Cup and in 1991, the event was referred to as Benson and Hedges Cup and even thereafter names of the major sponsors were associated with the Cup. It is pleaded that the defendant has used the words "World Cup" in its advertisement in a generic manner and it has neither used the logo nor the entire phrase "ICC Cricket World Cup South Africa, 2003". The defendants had booked tickets and travel packages for 125 persons for the event; these were duly confirmed by Edusport Gullinjet Travel (for short, "EGT") the sole international tour operator and authorised agent or sub agent of the plaintiff. The defendant had already paid ₹25,00,000 to them, which is duly confirmed by EGT. The ticket conditions being pleaded by the plaintiff were never brought to their notice and the same are against the public policy.

Replication has not been filed. I have heard learned counsel for parties and have been taken through the record. On the above pleadings learned counsel for the plaintiff argued that the defendants' international use of the words "Philips: Diwali Manao World Cup Jao" and "Buy a Philips Audio System win a ticket to the World Cup" inserting a pictorial representation of a ticket with an imaginative seat and gate number saying "Cricket World Cup, 2003", on the advertising campaign amounts to passing off, unfair competition and ambush marketing, as the defendants have intentionally used these slogans in the advertising campaign, in order to create an identification with the event and to sell their goods by misrepresentation. And because there is a real likelihood of confusion and an unmistakable aura of deception, the said slogans intentionally call attention to the event of the plaintiff, which is not being sponsored by the defendant. It is further argued that the defendants are trying to have a free ride at the plaintiff's expense—and reap when they have not sown. Reliance was placed on the observations made in *Boston Athletic Assn. v. Sullivan*⁸⁷, *Edmund Irvine Tidswell v. Talksport Ltd.*⁸⁸, *Hogan v. Pacific Dunlop Ltd.*⁸⁹, *Master Card International Inc. v. Sprint Communications Co.*⁹⁰ Learned counsel for the defendants refuting the arguments, argued to the contrary submitting that even the basic ingredients for a passing off action, unfair competition or ambush marketing are not made out placing reliance on *National Hockey League (NHL) v. Pepsi-Cola Canada*⁹¹.

[***** discussed the basic principles of passing off and relevant cases and continued

So far as plea of "ambush marketing" is concerned, the phrase "ambush marketing" is used by marketing executives only. It is different from passing off. In the passing off action there is an element of overt or covert deceit whereas the ambush marketing is opportunistic commercial exploitation of an event. The ambush marketer does not seek to suggest any connection with the event but gives his own brand or other insignia a larger exposure to the people, attracted to the event, without any authorisation of the event organiser. The organisers call it ambush marketing by the defendant, for promoting his brand or product without incurring financial obligation like the official sponsors. The ambush marketing may be inside the stadium like clash between official and personal endorsements or outside the stadium. However, in such cases, there is no deception. Therefore, the defendants' conduct cannot be categorised as

87. 867 F 2d 22: 57 USLW 2508 (1989).

88. (2002) 1 WLR 2355; (2002) 2 All ER 414; 2002 EWHC 367.

89. (1988) 83 ALR 403.

90. 30 USPQ 2d 1963 (1994).

91. (1992) BCJ No. 1221 and *New Zealand Olympic & Commonwealth Games Assn. Inc. v. Telecom New Zealand Ltd.*, 1996 FSR 757.

wrongful or against public interest. It is now well settled that commercial advertisement is a form of "commercial speech". It is a part of the freedom of speech and expression guaranteed under Article 19(1)(a). However, unlike the First Amendment under the United States Constitution, our Constitution lays down in Article 19(2) the restrictions, which can be imposed by law to restrict such rights. Reference can be made to the Supreme Court decision in *Tata Press Ltd. v. MTNL*⁹². The "World Cup" or the event is not protected by any international treaty or domestic law, unlike the word "Olympics" and its logo, which is protected under the Emblems and Names (Prevention of Improper Use) Act, 1950. It is for the Legislature to determine how far to curtail legitimate fair competition and freedom of speech. From the material on record, the advertising campaign offering tickets of the event as prizes without using the logo or the mark of the plaintiff cannot be held to be unlawful.

[***** discussed the cases and continued with the arguments based on contractual relationship and concluded.]

For the foregoing reasons, the plaintiff has failed to make out a *prima facie* case for grant of ad-interim injunction. The application is, accordingly, dismissed. It is clarified that any observation made herein, would not prejudice the case of either of the parties during the trial.

POINTS FOR DISCUSSION

1. Is ambush marketing a form of passing off? If so, in what circumstances should it be considered so?
2. What is the exact scope of ambush marketing?
3. Is it correct to say that since a sporting event is sponsored by a company no other company should be allowed to make any benefit out of any of the aspects of it by way of advertisement?
4. Discuss the importance of maintaining competition in the market while granting passing off remedy.

DOMAIN NAME DISPUTES

With the great leap in the field of internet, its relevance got intensified in the field of trade and marketing. Every commercial venture started utilising internet or websites for advertising and for e-commerce. Each internet website has an address, which is known as domain name. A domain name mainly consists of a Top Level Domain (TLD) and a Secondary Level Domain (SLD)⁹³. The management of Domain Name System (DNS) is a problem area. In the beginning the Internet Assigned Numbers Authority (IANA) was responsible for setting technical policies and

92. (1995) 5 SCC 139; AIR 1995 SC 2438.

93. For example, in <<http://www.icnn.org>>, .org is the Top Level and icnn is the Secondary Level Domain.

standards regarding the coordination of internet's DNS and Network Solutions, Inc. (NSI), a private company, was solely responsible for the worldwide administration of the five generic TLDs (.com, .net, .org, .edu, and gov). In 1998, the National Telecommunications and Information Administration (NTIA), an agency of the United States Department of Commerce, issued a "Statement of Policy on the Management of Internet Names and Addresses", (the "White Paper").⁹⁴ The White Paper suggested that neither national governments acting as sovereigns nor international organisations, acting as representatives of governments, should participate in management of internet domain names and addresses. As a result of the recommendations in the White Paper, Internet Corporation for Assigned Names and Numbers (ICANN) was established for managing DNS replacing IANA. In the process of fulfilling the tasks set up in the White Paper⁹⁵, more registrars in the private sector were accredited for offering registration service.

With the increasing importance of domain names in the field of trade and advertising, its relevance also increased in the field of intellectual property. A domain name registration as such is not an intellectual property right. It is a contract with the registration authority controlling the TLD concerned allowing communications to reach the domain name owner's computer *via* internet links channelled through the registration authority's server. It does not create any monopoly or any other form of exclusive rights.⁹⁶

Domain names are registered in a first-come-first-served basis. Moreover, domain name registration is much easier when compared to the registration of trade marks. Therefore there are chances of conflicts between domain name registrations and trade marks. For example, when someone registers the trade marks of well-known companies as domain names, for the sole purpose of selling them back to the owners of the trade marks otherwise known as cyber squatting, there is the question of violation of trade marks. Another instance of domain name registration conflicting with trade marks is when one domain name registration confuses with an existing trade mark. The registration of trade marks involves the issue of distinctiveness whereas no such requirements are there for registering domain names. Moreover, domain name registration can be obtained with much ease the only limitation being absence of an earlier registration. There are situations in which domain name violations cannot be effectively tackled using trade mark law.⁹⁷ For

94. See, <http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm>.

95. <<http://www.icann.org/general/white-paper-05jun98.htm>>.

96. David Kitchin *et al*, *Kerly's Law of Trade Marks and Trade Names* (14th Edn.) 741.

97. Read generally, Olivia Maria Baratta and Dana L. Hanaman "A Global Update on the Domain Name System and the Law: Alternate Dispute Resolution for Increasing Internet Competition" (2000) Tul J Int'l & Comp L 325.

example, the requirement as to use in the course of trade¹ and insistence on the presence of confusion, etc. created problems in handling cases like cyber squatting. The conflict between domain names and trade marks becomes more complex in view of the fact that such disputes could be multi-jurisdictional. Furthermore, the same dispute could occur in different TLDs. Cost of litigation and time taken to settle issues through court procedures also posed serious challenges to trade mark holders in accepting judicial mechanism to settle domain name disputes. All these problems paved way for the adoption of an alternate dispute resolution policy launched by the ICANN in 1999 which is commonly known as the Uniform Dispute Resolution Policy (UDRP).² The UDRP requires the registrants of domain names to submit themselves to mandatory administrative proceeding in the event of a third party (complainant) asserting that the domain name is identical or confusingly similar to his trade mark and the registrant of the domain name has no legitimate interest in respect of the domain name and the registration and use of the domain name is in bad faith.³

In order to succeed in UDRP arbitration a trade mark owner, whether registered or unregistered, must prove each of the following elements:

1. the domain name is identical or confusingly similar to a trade mark or service mark in which the complainant has rights;
2. the domain name owner does not have any rights or legitimate interests in respect of the domain name; and
3. the domain name owner registered the domain name and is using it in "bad faith".⁴

The UDRP lists the following non-exclusive circumstances as evidence of bad faith in the registration and use of a domain name:⁵

1. circumstances indicating that the domain name owner registered the domain name or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trade mark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

1. Robert A. Badgley, *Domain Name Disputes* (Aspen Law and Business 2002) 2-37. The author states that in the "early days" of domain name disputes many alleged cyber squatters who simply registered domain names were out of the legal grasp of the trade mark owners due to the insistence on commercial use under the US trade mark law.

2. See, <<http://www.icann.org/udrp/udrp-policy-14oct99.htm>>.

3. Para. 4, UDRP.

4. Para. 4a, UDRP.

5. Para. 4b, UDRP.

2. the domain name owner registered the domain name to prevent the owner of the trade mark or service mark from reflecting the mark in a corresponding domain name, provided that the domain name owner has engaged in a pattern of such conduct; or
3. the domain name owner registered the domain name primarily for the purpose of disrupting the business of a competitor; or
4. by using the domain name, the domain name owner has intentionally attempted to attract, for commercial gain, internet users to the domain name owner's website or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the domain name owner's website or location or of a product or service on the domain name owner's website or location.

In order to defeat a cyber squatting claim the domain name owner has to prove that he has the rights or legitimate interests to the domain name.⁶

In India there are many cases that came to the court using passing off remedy to prevent abuse of domain names. Some of the interesting cases are discussed below.

YAHOO INC. v. AKASH ARORA
(1999) 19 PTC 201; (1999) 1 Arb LR 620 (Del)

JUSTICE DR M.K. SHARMA

The present suit has been instituted by the plaintiff against the defendants seeking for a decree of permanent injunction restraining the defendants, their partners, servants and agents from operating any business and/or selling, offering for sale, advertising and in any manner dealing in any service or goods on the internet or otherwise under the trade mark/domain name "YahooIndia.com" or any other mark/domain name which is identical with or deceptively similar to the plaintiff's trade mark "Yahoo!" and also for rendition of accounts and damages. The plaintiff has also filed an application under Order 39 Rules 1 and 2, CPC praying for an ad interim temporary injunction restraining the defendants from operating any business and/or selling, offering for sale, advertising and in any manner dealing in any services or goods on the internet or otherwise under the trade mark/domain name "YahooIndia.com" or any other trade mark/domain name which is identical with or deceptively similar to the plaintiff's trade mark "Yahoo!".

Mr Kapil Sibal, counsel appearing for the plaintiff submitted that the plaintiff is the owner of the trade mark "Yahoo!" and domain name

6. Para. 4c, UDRP addresses the issue of how to demonstrate one's rights to and legitimate interests in the domain name in responding to a complaint.

"Yahoo.com", which are very well-known and have acquired distinctive reputation and goodwill and the defendants by adopting the name "YahooIndia" for similar services have been passing off the services and goods of the defendants as that of the plaintiff's trade mark "Yahoo!" which is identical to or deceptively similar to the plaintiffs' trade mark. It was submitted that a domain name/trade mark adopted by the plaintiff is entitled to equal protection against passing off as in the case of a trade mark. In support of his submission, the learned counsel heavily relied upon the ratio of the decisions in *Marks & Spencer v. One-in-a-Million Ltd.*⁷ It was submitted that the trade marks and domain names are not mutually exclusive and there is an overlap between the trade marks and services rendered under domain names and thus by adopting a deceptively similar trade mark "YahooIndia", the defendants have verbatim copied the format, contents, layout, colour scheme, source code of the plaintiff's prior created regional section on India at Yahoo.com.sg and thus passing off the services of the defendants as that of the plaintiff. He submitted that internet users are familiar with the practice of companies to select domain names that incorporate their company name, well-known trade mark, and/or product/service name and generally attempt to locate a particular company's website by simply typing in www.(companyname).com or www.(productname).com when they are unsure of the internet address of the company. According to him, thus, it would not be unusual for someone looking for an authorised "Yahoo!" site with India-specific content to type in "YahooIndia.com", i.e. the defendants' domain name and thereby instead of reaching the internet site of the plaintiff, the said person would reach the internet site of the defendants. He further submitted that the plaintiff in fact provides extensive content on India, both on its Yahoo! Asia site and at its main Yahoo.com site, under the category "Regional Countries: India". It was submitted that the defendants being in the same line of activity as that of the plaintiff, the defendants have tried to be "cyber-squatters" and thus, dishonesty is writ large as the defendants have adopted a trade mark similar to that of the plaintiff which is "Yahoo.com" which has acquired a distinctive name, goodwill and reputation. Mr Harish Malhotra, counsel appearing for the defendants, however, refuted the aforesaid allegations and submitted that the trade mark laws in India relate to goods and, therefore, the provisions of Indian Trade Marks Act are not applicable to the facts and circumstances of the present case which deals only with goods. It was also submitted that the trade mark/domain name "Yahoo!" of the plaintiff is not registered in India and, therefore, there cannot be an action for infringement of the registered mark nor could there be any action of passing off as the services rendered both by the plaintiff and the defendants cannot be said

to be goods within the meaning of the Indian Trade Marks Act which is concerned only with goods and not services and thus the decisions relied upon by the counsel appearing for the plaintiff are not relevant for the purpose of deciding the present case. He further submitted that the word "Yahoo!" is a general dictionary word and is not invented and, therefore, it could not have acquired any distinctiveness and since the defendants have been using disclaimer, there could be no chance of any deception and thus, no action of passing off is maintainable against the defendants. He also submitted that the persons using internet and seeking to reach the internet site are all technically educated and literate persons and, therefore, there is no possibility of any customer reaching the internet site of the defendants with the intention of reaching the internet site of the plaintiff and thus, it is not a case of the unwary customer which is applicable in a case of infringement and passing off of the trade mark. In the light of the aforesaid submissions, let me now consider as to whether the plaintiff has been able to make out a *prima facie* case for grant of temporary injunction as sought for in the application.

The domain name "Yahoo.com" is registered by the plaintiff with Network Solution Inc. since 18-1-1995. The trade mark "Yahoo!" and its variance are registered or pending registration in 69 countries of the world. As is disclosed from the records, an application for registration of the trade mark of the plaintiff "Yahoo!" is also pending in India. The plaintiff is a global internet media rendering services under the domain name/trade name "Yahoo!". The internet is a global collection of computer networks linking millions of public and private computers around the world. The internet is now recognised as an international system, a communication medium that allows anyone from any part of the globe with access to the internet to freely exchange information and share data. The internet provides information about various corporations, products as also on various subjects like educational, entertainment, commercial government activities and services. A computer or device that is attached to the internet has an address, which is known as domain name. The same is established by using suffix ".com" and registering with Network Solutions Inc. A domain name identifies a computer or a sub network of computers in the internet. One way to establish a presence on the internet is by placing a web page. The plaintiff, it is stated, was amongst the first in the field to have a domain name "Yahoo" and also to start a web directory and provide search services. In June 1994, the said directory was named "Yahoo!" which is a dictionary connotation, which was adopted by the plaintiff and is providing the said service at the internet under the domain name/trade name "Yahoo!".

The plaintiff is admittedly providing various services including services on the regional section also. In view of growing popularity of "Yahoo!" of the plaintiff, it was submitted that many third parties

started imitations by using sound-alike names in order to appropriate the reputation and goodwill acquired by the plaintiff in respect of the trade mark/name "Yahoo!" in India and that the defendants is one of such parties who in order to appropriate the reputation and goodwill acquired by the plaintiff in respect of the said trade mark "Yahoo!" adopted the trade mark/domain name "YahooIndia.com" for their internet site although their trading name is Netlink Internet Solutions.

Let me therefore examine the rival contentions and defence raised by the defendants one by one. One of the submissions was that the domain name "Yahoo!" of the plaintiff is not used in relation to goods, but in relation to services and since services are not included within the ambit of the relevant sections, under Sections 27(2) and 29 of the Trade and Merchandise Marks Act (referred to as the "Act", in short) and, therefore, the plaintiff cannot plead for action of passing off in relation to such services. In support of his submission, the learned counsel drew my attention to the provisions of Section 2(5), Sections 27, 29 and Section 30 of the Act and contended that only goods are recognised for the purpose of preferring an action for infringement or passing off. Admittedly the present case is not for an action for infringement of a registered trade mark, but an action for passing off. The law relating to passing off is fairly well settled. The principle underlying the action is that no man is entitled to carry on his business in such a way as to lead to the belief that he is carrying on the business of another man or to lead to the belief that he is carrying on or has any connection with the business carried on by another man. It is also well established that passing off action is common-law remedy. There are a plethora of cases wherein it has been held that the principles of common law govern actions of passing off and have been recognised by Section 27(2) and Section 106 of the Trade and Merchandise Marks Act, 1958.

[***** referred to the following cases on passing off of services, *Montari Overseas Ltd. v. Montari Industries Ltd.*⁸, *Neer Investment and Trading (P) Ltd. v. Sasia Express Couriers (P) Ltd.*⁹, the principles laid down in *Ellora Industries v. Banarsi Dass*¹⁰ and *Frank Reddaway & Co. Ltd. v. George Banham & Co. Ltd.*¹¹ and continued.]

Therefore, it is obvious that where the parties are engaged in common or overlapping fields of activity, the competition would take place. If the two contesting parties are involved in the same line or similar line of business, there is grave and immense possibility for confusion and deception and, therefore, there is probability of sufferance of damages. In this case also both the plaintiff and the defendants have common field

8. (1996) 16 PTC 142 (Del).

9. (1993) 26 DRJ 500; 1993 PTC 184.

10. AIR 1980 Del 254; 1981 PTC 46.

11. 1896 AC 199; (1895-96) All ER Rep 133 (HL).

of activity. They are operating on the website and providing information almost similar in nature. [***** referred to *Cardservice International Inc. v. McGee*¹², *Marks & Spencer v. One-in-a-Million Ltd.*¹³, and concluded.] Thus, it is seen that although the word "services" may not find place in the expression used in Sections 27 and 29 of the Trade and Merchandise Marks Act, services rendered have come to be recognised for an action of passing off. Thus law of passing off is an action under the common law, which also is given a statutory recognition in the Trade Marks Act. Thus in the context and light of the aforesaid decisions and the development in the concept of law of passing off, it is too late in the day to submit that passing off action cannot be maintained as against services as it could be maintained for goods.

The services of the plaintiff under the trade mark/domain name "Yahoo!" have been widely publicised and written about globally. In an internet service, a particular internet site could be reached by anyone anywhere in the world who proposes to visit the said internet site. With the advancement and progress in technology, services rendered in the internet have also come to be recognised and accepted and are being given protection so as to protect such provider of service from passing off the services rendered by others as that of the plaintiff. As a matter of fact in a matter where services rendered through the domain name in the internet, a very alert vigil is necessary and a strict view is to be taken for its easy access and reach by anyone from any corner of the globe. There can be no two opinions that the trade marks/domain names "Yahoo!" of the plaintiff and "YahooIndia!" of the defendant are almost similar except for use of the suffix "India" in the latter. The degree of the similarity of the marks usually is vitally important and significant in an action for passing off, for in such a case there is every possibility and likelihood of confusion and deception being caused. When both the domain names are considered, it is crystal clear that the two names being almost identical or similar in nature, there is every possibility of an internet user being confused and deceived in believing that both the domain names belong to one common source and connection, although the two belong to two different concerns.

Counsel for the defendants also argued that the internet users are sophisticated users and only literate people who are able to ascertain can approach the actual internet site that they intend to visit. The said submission does not appear to have force for even if an individual is a sophisticated user of the internet, he may be an unsophisticated consumer of information and such a person may find his/her way to the defendants' internet site which provides almost similar type of information as that of the plaintiff and thereby confusion could be created in the mind of the

12. 950 F Supp 737; 42 USPQ 2d 1850 (ED Va 1997).

13. 1998 FSR 265.

said person who intends to visit the internet site of the plaintiff, but, in fact reaches the internet site of the defendants.

[**** discussed the issue of disclaimer and use of the word India to distinguish and continued.]

The defence as raised in the present suit by the defendants is, therefore, *prima facie* found to be without any merit. The counsel for the defendants during the course of his submissions submitted that the defendants have not been using or copying the contents of the programmes of the plaintiff and have no objection even if such an injunction is granted restraining the defendants from using or copying the contents of the programmes of the plaintiff. In my considered opinion and as discussed above, the plaintiff has been able to make out a *prima facie* case for grant of ad interim injunction in its favour and, therefore, an ad interim injunction is passed in favour of the plaintiff and against the defendants restraining the defendants, their partners, servants and agents from operating any business of selling, offering for sale, advertising and/or in any manner dealing in services or goods on the internet or otherwise under the trade mark/domain name "YahooIndia.com" or any other trade mark/domain name which is identical with or deceptively similar to the plaintiff's trade mark "Yahoo!" till the disposal of the suit. The defendants and all others acting on their behalf are further restrained from using and/or copying the contents of the programmes of the plaintiff under the domain name "Yahoo.com".

In terms of the aforesaid order, the application filed by the plaintiff seeking for injunction stands disposed of. It is, however, made clear that all opinions and views expressed in this order are my tentative and *prima facie* view and shall not be treated as the final opinion on the merit of the case. Application disposed of.

POINTS FOR DISCUSSION

1. Identify the distinction between a domain name and trade mark and find out the different procedure followed in registration and use. Can a domain name be used without registration?
2. Examine the implications of extending passing off remedy to a registered name.
3. What were the reasons advanced by the Court to give a decision favourable to the plaintiff?
4. What are the criteria for determining if there is passing off in domain name disputes?
5. Examine the scope of UDRP and the need for retaining passing off remedy.

ONLINE INDIA CAPITAL CO. (P) LTD. v. DIMENSIONS CORPORATE

2000 PTC 396: (2000) 3 Arb LR 196 (Del)

JUSTICE K.S. GUPTA

Suit was filed seeking to restrain the defendant permanently from using the website under the name of www.mutualfundindia.com or in any other identical name, inter alia, alleging that Plaintiff 2 acquired the proprietary rights of www.mutualfundsindia.com and assigned it in favour of Plaintiff 1 company, Website www.mutualfundsindia.com was created on 5-5-1999. It is alleged that this website provides most comprehensive data on mutual funds. Finding it to be highly informative, knowledgeable and useful the Templeton Mutual Fund, DSP Merrill Lynch Mutual Fund, Kotak Mahindra Mutual Fund, Alliance Capital Mutual Fund and Taurus Mutual Fund are advertising on the said website. Prudential ICICI Mutual Fund has also agreed to advertise for one year beginning 1-5-2000. SIDBI Venture Capital Co. Ltd. has offered to participate in the share capital of Plaintiff 1 to the tune of ₹1.5 crores. Other leading companies of North India dealing in shares, securities and debentures too have approached Plaintiff 1 for investing in its share capital.

It is pleaded that eleven member team of FORBES, a magazine of USA has listed 150 sites as "Best of Web" after considering 1500 websites all over the world and the plaintiffs said website is one amongst four Indian websites included in that list. The defendant has fraudulently and mischievously developed website with almost identical name—www.mutualfundindia.com deleting alphabet "s" after the word FUND. It is alleged that the unwary persons from trade, industry, commerce and investors are likely led to believe that the said website of defendant which has practically no information is that of the plaintiffs. Plaintiff 1 called upon defendant to change the name of its website through the letter dated 25-3-2000. Directors of Plaintiff 1 company also spoke to the directors of defendant to change the name but to no effect.

In the suit, I.A. No. 3708/2000 under Order 39 Rules 1 and 2 read with Section 151, CPC was also filed by the plaintiffs for issue of ad interim injunction seeking to restrain the defendant from running of the website under the said name www.mutualfundindia.com or in any other deceptively similar name. [****]

In short, it is alleged in the reply that the mutual fund is a descriptive/generic word and no monopoly can be claimed in relation thereto by any person. The documents filed along with the plaint do not indicate the name of owner of the website www.mutualfundsindia.com. On the date the defendant applied for registration of the domain name in question, it was not even aware of the existence of the plaintiffs. The plaintiffs

are a new company in existence for less than one year. The defendant has been in existence for more than six years and has an enviable track record in the corporate finance and allied services with a very impressive list of clientele. The plaintiffs said domain name was registered six to seven months prior to the registration of the defendant's above name. Defendant's website is still under construction. It is stated that as a part of its business development programme, the defendant planned a series of websites on financial services and First Online Ltd. was incorporated in 1996 by the defendant in collaboration with Thapar Group. Sites already launched by the defendant are being managed by First Online Ltd. under licence from the defendant. Names of some of the websites for which the defendant has registered domain names have been disclosed in para. 26 of the preliminary submissions of the reply. It is denied that the plaintiffs at any point of time spoke to any of the directors of defendant, as alleged. Letter dated 25-3-2000 or any other letter as notice was never received by the defendant. It is asserted that there is no question of the public associating the word "mutual fund" with that of the plaintiff as alleged.

It was urged by Mr Vinay Bhasin, Senior Advocate appearing for the plaintiffs that admittedly Plaintiff 1 Company has been using the domain name of www.mutualfundsindia.com six or seven months prior to the use of trade name www.mutualfundindia.com by the defendant and this use of name by the latter is likely to deceive or cause confusion and divert the business of the plaintiffs to the defendant and the plaintiffs are, therefore, entitled to the ad interim injunction prayed for. In support of the submission reliance was placed on the decisions in *Yahoo Inc. v. Akash Arora*¹⁴, rendered by this Court and *Rediff Communication Ltd. v. Cyberbooth*¹⁵. On the other hand, it was contended by Mr A.S. Chandhiok Senior Advocate for the defendant that the said domain name of the plaintiffs is completely descriptive/generic in nature and they are thus not entitled to the interim protection prayed for. Reliance was placed on the decisions in *Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Ltd.*¹⁶, *J.R. Kapoor v. Micronix India*¹⁷, *Lloyd Insulations (India) Ltd. v. Punj Lloyd Insulations (P) Ltd.*¹⁸ and *Bharathiya Coffee Workers Catering Services (P) Ltd. v. Indian Coffee Workers Coop. Society Ltd.*¹⁹, and an unreported judgment of Bombay High Court in *Investment India Ltd. v. ICICI Ltd.*²⁰ [***** quoted from the above cases and continued.]

14. (1999) 19 PTC 201; (1999) 1 Arb LR 620 (Del).

15. AIR 2000 Bom 27; (1999) 3 Arb LR 636.

16. (1946) 1 All ER 320; (1946) 63 RPC 39 (HL).

17. 1994 Supp (3) SCC 215.

18. (1999) 79 DLT 617; ILR (1999) 1 Del 410; (1999) 19 PTC 449.

19. (1999) 19 PTC 431; (1999) 2 Arb LR 227.

20. Dated 10-3-2000 (Unreported).

Word "mutualfunds" forming part of the plaintiffs' domain name of www.mutualfundsindia.com is the description of the character of the services offered by it. The material placed on record by the plaintiffs, *prima facie*, falls short of indicating that the aforesaid word has acquired a secondary meaning, which is a pre-condition for granting protection to a descriptive name. Considering the ratio of the aforementioned decisions relied on behalf of the defendant, the plaintiffs cannot be said to have *prima facie* made out a case for grant of the ad interim injunction prayed for. In *Yahoo Inc.*²¹ and *Rediff Communication Ltd.*²² cases the domain names in question were not descriptive in nature. Consequently, I.A. No. 3708/2000 is dismissed.

POINTS FOR DISCUSSION

1. Is passing off an effective remedy for protecting domain name registrations in view of this case?
2. In view of the facts that domain names are not registered in the manner of registering trade marks and the standards for such registrations are different, do you think that domain name disputes could be effectively resolved using the trade mark law?
3. Examine the scope and limitation of UDRP and the need for invoking passing off remedy.
4. Discuss the following observation in *Manish Vij v. Indra Chugh*, AIR 2002 Del 243; (2002) 24 PTC 561 (Del).

To conclude, the word 'Kabadibazaar' is a word commonly used in Hindi parlour having a dictionary meaning. It is a descriptive word, which cannot serve as a trade mark or trade name unless it is established that it has attained a secondary meaning. Cases cited by the plaintiffs in the plaint refer to well-known trade names and the observations made therein are not applicable to the facts at hand. The material placed on record *prima facie* is not enough to show that the plaintiffs' domain name had acquired the secondary meaning. The allegations of abusive registration/cyber squatting are also not substantiated. In the result, on relative strength, the case appears to be in favour of the defendants. It may be clarified here that the ex-parte ad interim injunction was granted to the plaintiffs on 24-4-2000, till the next date of hearing, but the same was not extended on account of the oral undertaking given by the counsel for defendants, which continued thereafter.

READ

Acqua Minerals Ltd. v. Pramod Borse, 2001 PTC 619 (Del).

21. *Yahoo Inc. v. Akash Arora*, (1999) 19 PTC 201; (1999) 1 Arb LR 620 (Del).

22. *Rediff Communication Ltd. v. Cyberbooth*, AIR 2000 Bom 27; (1999) 3 Arb LR 636.

GEOGRAPHICAL INDICATIONS

In antiquity, geographical indications²³ (GIs) were the prevailing type of designation for products.²⁴ However, with the development of trade mark law, at least in common-law countries, the use of geographical names for trade marks became possible only on proof of acquired distinctiveness. On the other hand, in the civil-law countries strong protection is extended to GIs. The reason may be that in the European Union (EU) countries like France, the major industry is wine and cheese, which has high economic overtones on their intellectual property policy.²⁵

The US approach is completely different from that of the EU in that it is not a major proponent of the protection of GIs. The US does not have a long history of traditional industries such as many European countries and therefore have not had a separate law, apart from its trade mark law, to protect GIs.²⁶ This conflict in interests between the common-law and civil-law countries could be well described as a conflict between trade marks and GIs and this is seen visibly reflected in all the major international agreements dealing with GIs. Unlike a trade mark, which usually protects the goodwill of a specific individual or entity, a GI is a collective right: each producer established in the geographical area specified by the GIs may use the GIs for its products from that region. Whereas trade marks are protected either on a "first to use" or "first to file" basis (depending on the jurisdiction), a GI is assigned based on who has the "better right" to it.²⁷

In the international context, the principal global treaties that include reference to GIs are the Paris Convention for the Protection of Industrial Property, 1883; the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, 1891; the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, 1958; and the WTO TRIPS Agreement, 1994. The two major treaties that provide for protection of GIs are the Lisbon Agreement and the TRIPS Agreement. The Lisbon Agreement, seriously influenced by France's AOC, is the treaty that offers the strongest protection for

23. Read, Albrecht Conrad, "The Protection of Geographical Indications in the TRIPS Agreement" (1996) 86 TMR 11 for a detailed analysis of the concept.

24. *Ibid.*

25. Lori E. Simon, "Appellations of Origin: The Continuing Controversy" (1984) 16 IPLR 337, 339.

26. Philippe Zylberg, "Geographical Indications v. Trade Marks: The Lisbon Agreement: A Violation of TRIPS?" (2003) 11 U Balt Intell Prop LJ 1, 15. See also, Molly Torsen, "Apples And Oranges: French And American Models of Geographic Indications Policies Demonstrate an International Lack of Consensus" (2005) 95 TMR 1415, 1425 and Albrecht Conrad, "The Protection of Geographical Indications in the TRIPS Agreement" (1996) 86 TMR 11, 12.

27. Molly Torsen, *ibid.*, 1417.

appellations of origin and is signed by important EU countries such as France and Italy and important non-EU countries such as Mexico.

The TRIPS solution to conflicting trade marks and GIs is provided for in Article 24(5), which has been interpreted by pro-trade mark schools of thought as granting an unconditional priority to trade marks in the case of conflicts with a GI.²⁸ The US approach to GIs can easily be traced in the current version of the TRIPS Agreement.²⁹

Article 24 lists out circumstances in which a member does not have to recognise GIs. The main provision dealing with conflicting GIs and trade marks is Article 24(5). This provision provides for cases wherein an existing trade mark is identical or similar to a GI, but the product is not necessarily of the same type and the trade mark is not likely to mislead the public. Thus, according to TRIPS, when a trade mark and a GI coincide, the trade mark always wins.³⁰ Some have interpreted Article 16(1) of the TRIPS Agreement as providing absolute exclusive rights to a trade mark owner.³¹

While TRIPS attempted to reach a compromise with the Europeans by including articles granting protection to GIs and additional protection for GIs for wines and spirits, the presence of broad exceptions in the Agreement grandfathering prior use of protected names and generic GIs barely changes the status quo in the US. Furthermore, the trade mark law-based system in the US will also heavily influence Article 24(5) of the TRIPS Agreement resolving conflicting trade marks and GIs by granting constant priority to the former.³²

Till recently there was no statute in India, recognising GIs. However, GIs were protected, though in a limited scope, under the law of passing off. Section 26 of the Indian Geographical Indications of Goods (Registration and Protection) Act, 1999 is almost similar to the TRIPS provision.

SCOTCH WHISKY ASSN. v. PRAVARA
SAHAKAR SHAKAR KARKHANA LTD.
AIR 1992 Bom 294

JUSTICE D.R. DHANUKA

The Plaintiff 1 is a company incorporated under the Companies Act of the United Kingdom with the object, inter alia, to protect and promote the interests of the Scotch Whisky trade generally, both in the

28. *Ibid.*, 1.

29. *Ibid.*, 15.

30. *Ibid.*, 30.

31. *Ibid.*

32. *Ibid.*, 15.

United Kingdom and abroad. The status and *locus standi* of Plaintiff 1 to institute or defend proceedings to protect the reputation and goodwill of "Scotch Whisky" and the interest of Scotch Whisky trade is recognised by judicial decisions of this Court and English Courts. Plaintiff 1 has been adopting judicial proceedings for more than a decade to prevent non-scotch whisky being passed off as Scotch Whisky and sue the tortfeasors who commit the economic tort of passing off of non-scotch whisky in one form or another by adopting device of colourable imitation of name, design, mark or any other indicia on its label so as to confuse or deceive the unwary purchaser in respect of its origin and source. Plaintiff 1 has about 116 members who carry on the business of distilling and/or blending and/or selling "Scotch Whisky". The business reputation and goodwill of Scotch Whisky is an acknowledged fact throughout the world. Since there are attempts on the part of manufacturers, distillers and blenders of other whiskies not connected with Scotch Whisky to damage the reputation and goodwill of Scotch Whisky by its colourable imitation or by adopting one or other of the devices, Plaintiff 1 is required to take action and adopt proceedings against the traders who imitate name, marks, labels, letters or pictures on their product and thus append false or misleading or confusing description thereon. Plaintiff 1 has adopted some such proceeding in the past in some of the High Courts in our country and also other countries of the world and succeeded in obtaining the reliefs sought for. Plaintiff 2 is a member of Plaintiff 1. Plaintiff 2 is incorporated as a company under the Companies Act of the United Kingdom carrying on business, inter alia, as a distiller, blender and dealer of Scotch Whisky. The defendant is a Co-operative Society incorporated under the provisions of the Maharashtra Co-operative Societies Act, 1960 (hereinafter referred to as the Societies Act) carrying on business, inter alia, as a manufacturer, distiller and dealer of Indian whisky.

The plaintiffs have instituted this passing off action (in its expanded/extended form as recognised by modern law of torts) against the defendants for a declaration that by using the device of a Scottish Drummer wearing a kilt or the tartan band or the word "Scotch" coupled with the description "Blended With Scotch" and by using the impugned label (being Exhibit "G" and Exhibit "H" to the plaint) on their Indian whisky marketed under the mark "Drum Beater", the defendant is passing off its whisky as "Scotch Whisky", misleading the other traders and customers and damaging the reputation and goodwill of "Scotch Whisky" and its genuine distillers, blenders etc. The plaintiffs have also prayed for issue of a permanent injunction and interim injunction against the defendants from advertising or offering for sale or selling or distributing in any country whisky which is not "Scotch Whisky" bearing the impugned label (being Exhibit "G" to the plaint) or the impugned carton (being

Exhibit "H" to the plaint) bearing the mark "Drum Beater" or the word "Scotch" or the device of a Scottish Drummer wearing a kilt or the tartan band or the words "Blended With Scotch" or the word "Scotch" or any other mark, label, carton, device or description suggesting Scottish origin, so as to pass off or enable others to pass off its whisky as "Scotch Whisky".

The defendants manufacture various brands of Indian whiskies, out of which two are the subject-matter of this action, namely (1) DRUM BEATER and (2) GOLD TYCOON. The plaintiffs have prayed for similar declaration and injunction in respect of the whisky marketed by the defendants with the name "GOLD TYCOON" on the basis of the averments that the label and the carton used by the defendants in respect of the said product also amount to passing off their product as if "Scotch Whisky". The plaintiffs have claimed other reliefs in the plaint, which need not be summarised. I am not setting out each and every averment made in the plaint and the supporting affidavits for sake of brevity.

It is not disputed, and it is not disputable, that Scotch Whisky is exported from United Kingdom to India on a fairly large scale and is available in 5-Star Hotels and elsewhere and is being consumed by various categories of consumers as noticed by Pendse J in Suit No. 1352 of 1986 decided on 17th/18th/19-11-1986 (*Scotch Whisky Assn. v. Mohan Meakin Ltd.*) The plaintiffs have annexed a statement to the plaint showing the exports of Scotch Whisky to India for the years 1937 to 1986. Plaintiff 2 makes its Scotch Whisky in India as stated in para. 8 of the plaint. The brands sold by Plaintiff 2 included "Chivas Regal", "Royal Salute", "100 Pipes" and "Passport". It emerges from the record of this case that Plaintiff 2 has been making extensive export of Scotch Whisky to India and if necessary reference can be made in this behalf to copies of invoices annexed at Exhibits 1-1 to 1-25, being the sample invoices, showing such sales, forming part of the affidavit in rejoinder made by Mr Ian Glen Barclay dated 22-12-1987. Thus the plaintiffs have sufficient interest and *locus standi* to prevent passing off of Indian whisky manufactured by the defendants as Scotch Whisky and damage the reputation and goodwill of Scotch Whisky trade.

It has been averred in para. 7 of the plaint that members of Plaintiff 1, including Plaintiff 2, who distil Scotch Whisky and market it all over the world, use various well-known brand names such as "Royal Salute", "Chivas Regal", "100 Pipes", "Red Label", "Johnnie Walker-Black Label", etc. or devices showing well-known Scottish figures or Scottish soldiers or Scottish headgears or Scottish emblems. The plaintiffs have annexed a copy of the booklet entitled "Scotch Whisky, Questions and Answers" published by Plaintiff 1, as Exhibit "A" to the plaint. I propose to refer only to such part of the relevant material from the said booklet which has already received judicial imprimatur from Pendse J in

his aboverferred judgment. The expression "Scotch Whisky" has been defined by the current British legislation as set out in para. 5 of Section 1 of the said booklet. In substance, the expression "Scotch Whisky" means whisky which has been distilled and matured in Scotland. It is directly relevant for purpose of this case to refer to the meaning of the words "Blended Scotch Whisky" as understood in the trade. The expression "Blended Scotch Whisky" is understood in the trade as explained in the said booklet and as explained also in some of the English judicial decisions cited at the Bar as a blend of a number of distillates each of which separately is entitled the description Scotch Whisky. Most of the scotch whiskies are marketed as blended scotch whiskies—almost 97 per cent. It is well established and it is indisputable that blended Scotch Whisky consists of two or more scotch whiskies each of which is exclusively a Scotch Whisky and in practice it is a blend of, as many as, 50 different scotch whiskies. The expression "Blended Scotch Whisky" as known to the trade has been explained by the plaintiffs in the plaint as well as in the affidavit in rejoinder and there can hardly be any reasonable dispute about the trade meaning of the words "Blended Scotch Whisky". "Blended Scotch Whisky" does not mean mixture of part of "Scotch Whisky" with some other drink or some other whisky, which by itself cannot be described as Scotch Whisky. The defendant however has been contending that the defendant is entitled to the words "Blended With Scotch" on the label or on the carton as the said words do not and cannot convey misleading impression to the purchasers that the whisky marketed by the defendants is blended Scotch Whisky. It is the contention of the defendants that even if the defendants mix a 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 product as a "Whisky Blended With Scotch". This submission of the defendants is totally unconvincing and futile. The defendants have not proved it as a fact that the defendants blend Scotch Whisky with the whisky manufactured by it by the slightest evidence. Even if it is proved as a fact that the defendant mixes part of "Scotch Whisky" with its Indian whisky, the defendant cannot be permitted to market its 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, *i.e.* whisky of which each of the blends is exclusively scotch. The customer is not expected to compare the words used with due care and caution and serious risk of confusion and deception is sufficient to prove the tort of passing off subject to other ingredients being proved. In *Parker-Knoll Ltd. v. Knoll International Ltd.*³³, Lord Morris of Borth-Y-Gest observed as under:

33. 1962 RPC 265.

I think, to the straight forward principle that trading must not only be honest but must not be even unintentionally unfair. In the same case, Lord Devlin quoted the following passage from the judgment of Buckley LJ in *Brinsmead (John) & Sons Ltd. v. Brinsmead*³⁴, with approval, reading as under: 'He cannot rely on the fact that his statement is literally and accurately true, if, notwithstanding its truth, it carries with it a false representation.'

These observations would clearly apply in this case. The Hon'ble Division Bench of High Court of Delhi has restated the relevant principles governing the law of passing off after considerable research and study of modern trends in this branch of law according to English, American, Australian and Canadian cases of *B.K. Engg. Co. v. Ubhi Enterprises*.³⁵ Thus even if the defendants were to prove that they were mixing genuine Scotch Whisky of Scottish origin with their product, the defendants would not be entitled to market their product by describing the same as "Blended With Scotch". Moreover, the label considered as a whole shows fraudulent intention on the part of the defendants to pass off their goods as Scotch Whisky and thus damage the reputation and goodwill of "Scotch Whisky trade". This is my strong *prima facie* view at this stage.

[***** discussed passing off by use of the mark "DRUM BEATER" and "GOLD TYCOON" by referring to *Dyer Meakin Breweries Ltd. v. Scotch Whisky Assn.*³⁶, *Bollinger J. v. Costa Brava Wine Co. Ltd.*³⁷, *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd.*³⁸, *Ellora Industries v. Banarsi Dass*³⁹, *Vine Products Ltd. v. Mackenzie & Co. Ltd.*⁴⁰, *John Walker & Sons Ltd. v. Henry Ost & Co. Ltd.*⁴¹, *Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*⁴², *Corn Products Refining Co. v. Shangrila Food Products Ltd.*⁴³ and *Amritdhara Pharmacy v. Satya Deo Gupta*⁴⁴ and concluded.]

In my judgment, the plaintiffs have *prima facie* proved each of the ingredients of passing off as formulated by Lord Diplock and Lord Fraser referred to in para. 22 of this judgment. It is not necessary for the plaintiffs to prove that Plaintiff 2 must establish user of some device or design or mark on its goods as are used by the defendant on Drum Beater and Gold Tycoon. It is enough to prove that the defendants are representing to the members of public by one device or another (taken as a whole)

34. (1913) 30 RPC 493, 506 (CA).

35. AIR 1985 Del 210; (1985) 27 DLT 120.

36. AIR 1980 Del 125.

37. 1960 Ch 262; (1959) 3 WLR 966; (1959) 3 All ER 800; 1960 RPC 16.

38. 1979 AC 731; (1979) 3 WLR 68; (1979) 2 All ER 927 (HL).

39. AIR 1980 Del 254; 1981 PTC 46.

40. 1967 FSR 402; 1969 RPC 1.

41. (1970) 1 WLR 917; 1970 2 All ER 160; 1970 RPC 489.

42. (1950-2000) 23 PTC Supp (2) 680; AIR 1965 SC 980; (1965) 1 SCR 737.

43. AIR 1960 SC 142; (1960) 1 SCR 968.

44. AIR 1963 SC 449; (1963) 2 SCR 484.

that their product has natural association with Scotch Whisky which representation is false and which representation is bound to affect or injure the business goodwill or reputation of scotch whisky trade and of the plaintiffs.

After having referred to most of the citations and the detailed arguments of the learned counsel on both sides, I must state that basically the questions which arise for consideration of the Court are questions of fact. After having given my careful consideration to the facts of this case and after applying the well-settled principles of law, I have come to the conclusion that the plaintiffs have made out a strong *prima facie* case that the defendants are passing off their goods as Blended Scotch Whisky or goods closely and substantially associated with Blended Scotch Whisky when in fact they are not. The plaintiffs have, therefore, made out a case for grant of an ad interim injunction on merits of the case.
[**** the Court also dealt with the issue of delay in filing the case, cost and other prayers.]

POINTS FOR DISCUSSION

1. Examine the adequacy of passing off action in protecting GIs.
2. Do you think that passing off remedy is still needed in the light of the special legislation to protect GIs?
3. What are the consequences of retaining the passing off remedy under the new GI Act? Is this mandated under the TRIPS Agreement?

READ

1. *Bloomfield Co. Ltd. v. Bagaria Business (P) Ltd.*, (2001) 3 CHN 343; (2002) 25 PTC 40 (Cal).
2. *Srilab Breweries (P) Ltd. v. Scotch Whisky Assn.*, (2006) 33 PTC 527 (Reg).

GENERAL POINTS FOR DISCUSSION IN THIS CHAPTER

1. Discuss the rationale behind maintaining different standards for infringement for different classes of intellectual property.
2. Critically analyse the impact on public interest of the tendency to interpret patent claims beyond their literal meanings. How do you think a just balancing of the conflicting interests of the inventor and the public could be achieved?
3. Examine the desirability of extending passing off remedy to areas of intellectual property where the protection is strictly confined to the statute. Don't you think that it may tend to extend intellectual property protection to perpetuity under common law?

4. Do you share the view that one of the objectives of the trade mark law, namely, consumer protection, is being sidelined in the new concept of dilution?
5. How effective is the system under UDRP in balancing the interests of the trade mark owner and a bona fide registrant of a domain name?
6. Have a critical overview of the expanding horizons of the remedy of passing off.