

India

Recent developments in intellectual property

Nineteenth-century economist Alfred Marshall believed that with advancements in technology, commodities alone would no longer be the primary factor in determining the real value of money: "But if inventions have increased man's power over nature very much, then the real value of money is better measured for some purposes in labour than in commodities." This was so because commodities would gradually begin to have an ever-increasing intrinsic labour value ascribed to them. Today, this intrinsic labour value exists in the form of knowledge.

Therefore, as knowledge increases the value of commodities, there needs to be a mechanism to protect such knowledge and to allow legal entities to claim exclusive proprietary rights in such knowledge. IP rights are privileges which grant control and ownership over the results of knowledge-intensive activities. IP rights grant the creator a right to prevent others from using its own knowledge-intensive creations so that the labour invested is duly rewarded.

Industrialisation, propelled by advancements in technology, has made intellectual property a dynamic concept and an integral part of commercial development and economic activity. Therefore, the development of the exploitation and enforcement of intellectual property is of prime importance for sustainable development.

The development of intellectual property in India has always engendered heated debate and keen interest around the world. In recent years India has made robust progress not only in implementing its obligations under the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), but also in developing its own IP regime which endeavours to balance the trade-off between monopoly rights and free access to knowledge.

Legislative changes

Political will, manifesting itself in the form of effective legislation, has always been recognised as the stepping

stone for all forms of legal redress. Legislation serves to institutionalise IP control programmes and, compared to regulations and policies, helps to ensure continuity.

India has come a long way in protecting intellectual property through legislation; over the last decade, the number of statutes dealing with intellectual property has more than doubled. Although no new IP laws have been enacted over the last year, it would be wrong to say that there have been no parliamentary developments with respect to intellectual property. Some significant legislative tools that are in the pipeline are discussed below.

Trademarks (Amendment) Bill 2007

One of the most significant developments has been the Trademarks (Amendment) Bill 2007, which was tabled in Parliament on August 23 2007. The bill would implement the Madrid Protocol in India and make trademark applications analogous to Patent Cooperation Treaty (PCT) filings. In other words, applicants will no longer be required to file a separate trademark application in India in order to secure statutory rights in a trademark. Like PCT applications, an applicant may simply file a trademark application in any Madrid Protocol member country and choose India as one of the countries in which it wishes to seek trademark registration. This should be beneficial to applicants since costs and time would be saved.

Further, the bill prescribes a period of 18 months for the grant of an application to register a trademark, in line with the provisions of the Madrid Protocol.

India Innovation Act

The Indian legislature is proposing to introduce comprehensive legislation to boost research and innovation in India. The India Innovation Act, based on the US America COMPETES Act, would focus on:

- increasing research investment;
- strengthening educational opportunities in science,

- technology, engineering and mathematics from elementary through to graduate school; and
- developing an innovation infrastructure.

Optical Disc Law

The Indian entertainment industry suffers an annual loss of around \$3.2 billion due to theft and piracy, in addition to the loss of an estimated 80,000 jobs. To curb these economic and social losses, the Indian legislature is contemplating the introduction of the Optical Disc Law, under which a licence would be a prerequisite for manufacturing CDs or DVDs. The proposed act would also require a secret code on discs so that each disc is traceable.

Until now, all anti-counterfeiting and anti-piracy measures have been industry driven; this act would be the first government initiative in this area.

Indian version of the US Bayh-Dole Act

The US Bayh-Dole Act allows US universities, small businesses and non-profit organisations to retain the IP rights in inventions developed from federal government-funded research. On a similar note, the Indian legislature hopes to enact the Public Funded Research and Development (Protection, Utilisation and Regulation of Intellectual Property) Bill 2007. The proposed bill seeks to enable government institutions to work in a manner that promotes research and allows them to secure patent protection in the original work created by the individual or the institution.

Regulations

The recently enacted IP Rights (Imported Goods) Enforcement Rules 2007 are noteworthy as they go beyond India's obligations under the TRIPs Agreement with respect to border control measures. The new Customs Rules now include copyrights, designs and even geographical indications within their scope.

Cases

Although comprehensive legislation is at the heart of effective IP control, the Indian judiciary has also played a pivotal role when it comes to the enforcement and protection of IP rights.

The recent cases discussed below highlight the proactive role played by the judiciary in the development of IP protection.

Patents and exclusive marketing rights

In *GlaxoSmithKline plc v Controller of Patents and Designs* (Civil Appeal 5588/2008) the Supreme Court held that since Chapter IV-A of the Patents Act 1970 had been repealed, the writ petition filed by GlaxoSmithKline plc

(GSK) had to be dealt with under the General Clauses Act, which specifically states that repeal will not affect any right, privilege, obligation or liability acquired, accrued or incurred under any repealed enactment. The court further held that the Patents (Amendment) Act 2005 had no application to the proceedings which had previously been concluded.

In the case at hand GSK had filed an application at the Patent Office for an exclusive marketing right, which was refused. GSK appealed the refusal to the High Court, which remitted the matter back to the Patent Office.

The respondent again refused GSK's application in an order dated December 28 2004. Meanwhile, on January 1 2005 the Patent (Amendment Act) 2005 came into force and Chapter IV-A of the Patents Act 1970, which specified the mode of adjudication of an exclusive marketing right claim, was repealed.

In June 2005 GSK filed a writ petition challenging the Patent Office's second refusal and contending that, as of January 1 2005, GSK had no pending application for the grant of an exclusive marketing right. The controller of patents also filed a writ petition challenging the maintainability of GSK's writ. The High Court accepted the preliminary objection regarding the maintainability of the writ petition and stated that appeals can be set aside only by the Supreme Court.

Non-use in trademark rectification proceedings

The Supreme Court recently decided an appeal arising out of a rectification petition filed by Toshiba Appliances against Kabushiki Kaisha Toshiba, also known as Toshiba Corporation. The appeal was one of many cross-proceedings which started with Toshiba calling on the respondent to desist from using the trademark TOSIBA in respect of electrical goods. The respondent filed a cancellation petition at the Trademark Office and succeeded in having Toshiba's registrations cancelled in respect of various goods on the grounds of non-use.

The Supreme Court allowed Toshiba's appeal and held that Toshiba Appliances was not the aggrieved party for the purpose of cancellation of a trademark on the grounds of non-use. The court further held that the non-use of the trademark, which was shown to have been due to special circumstances in the trade and not due to any intention to abandon or not to use the trademark, did not amount to non-use for the purposes of cancellation proceedings. The Supreme Court further held that a combined application for cancellation and/or correction is permissible in law.

Pre-grant and post-grant objections regarding patents

J Mitra & Co v Asst Controller of Patents (SLP 15729 of

2008) brought a peculiar set of facts before the Supreme Court. J Mitra & Co filed a patent application, which was published. Span Diagnostics then filed a pre-grant opposition against the patent. The opposition failed and the patent was eventually granted to J Mitra. Thereafter, aggrieved by the failure of the opposition, Span filed an appeal against the controller's decision in the High Court under unamended Section 116 of the Patents Act, which allowed appeals against the controller's decision in a pre-grant opposition to be filed before the High Court.

At the time when Span filed the appeal in the High Court against the order of the controller of patents, the legislature had passed several amendment to the Patents Act whereby:

- no appeals could be filed against decisions of the controller in a pre-grant opposition;
- post-grant opposition could be filed before the controller (under Section 25(2)); and
- all appeals against the controller's decision in post-grant oppositions had to be filed before the newly established Intellectual Property Appellate Board.

Although the legislature had passed these laws and they had received presidential assent, they were not notified in the *Official Gazette*.

Taking into consideration the complexities involved in this case, the Supreme Court held that the respondent could not be left without a remedy and thus held that the appeals would be heard and disposed of by the High Court in accordance with Section 116 of the 1970 act as it stood before the amendment.

Action against parties not pleaded in proceedings

In another recent case Sony Kabukishi Kaisha, also known as Sony Corporation, filed a suit (Suit 867/2007] for trademark infringement, passing off and damages in order to put an end to the rampant piracy of its Sony memory sticks in a major New Delhi market.

The Delhi High Court passed an injunction against three identified defendants ordering them to stop dealing in counterfeit Sony products. It also appointed local commissioners of the Delhi High Court to visit the market and seize all counterfeit goods bearing the SONY trademark.

In a significant step forward in combating piracy, the court also empowered the local commissioners to visit the premises of other businesses in the market which were not involved in the proceedings under a John Doe order and to search and seize products from these premises. Further, the court allowed the plaintiff to seek the assistance of the Economic Offences Section of the

Delhi Police in order to ensure the smooth operation of the orders.

Contempt proceedings

In *Vestergaard Frandsen v M Sivasamy* (CS (OS) 599/2007) Vestergaard Frandsen, a Danish company specialising in disease control textiles, brought a suit before the Delhi High Court seeking to restrain an Indian mosquito net manufacturer from using its confidential information.

When the defendant refused to allow the court-appointed local commissioners to enter its premises to take samples of products, Vestergaard filed a contempt application against the companies for obstructing the court-appointed commissioners. After hearing Vestergaard's arguments, the court took a harsh view of the company's conduct and restrained it from manufacturing or marketing nets containing insecticide.

Trademark Office and Patent Office practices

Sound marks

One of the most important recent developments at the Indian Trademark Office was the registration of the first sound mark in India when the Yahoo! yodel was granted trademark registration. This was an important first in India as it may open doors to more unconventional trademarks. Provided that such marks are capable of being graphically represented, trademark owners may now be able to seek registration for even unconventional trademarks such as motion marks and position marks.

Well-known marks

Another significant development is the fact that in a recent opposition proceeding, the Trademark Office declared FORD, owned by The Ford Motor Company, a well-known trademark in India. This means that the trademark is now tantamount to an invented mark and is capable of being protected for all types of goods and services.

Geographical indications

The well-known pashmina of India has now been registered as a geographical indication. This comes as a huge relief to the manufacturers of genuine pashmina products, which previously had to compete with manufacturers of man-made viscose pashmina-like products.

Statistics

By 2010, trademark filings are expected to increase to about 150,000 a year and patent applications to about 100,000 a year. These developments are important as they highlight the increased awareness of intellectual

property in India, as well as the fact that it is one of the world's sought-after IP destinations.

Conclusion

The unprecedented economic development in India in recent years has excited companies around the world and companies are queuing up to enter the lucrative Indian market. These foreign companies not only bring with them valuable intellectual property, trade secrets and confidential information, but also inspire Indian companies to create IP assets of their own.

Over the past decade the Indian economy has undergone a transformation from an agrarian economy to a knowledge-based economy where IP assets have grown in importance and value, rapidly outpacing physical assets. Thus, to keep up with developments in commerce and trade, it is important for the industry, government agencies and the judiciary to work together closely and continue to develop tools to safeguard IP rights and to enable India to improve and expand its own pro-IP regime.

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