

The third quarter of the year has seen remarkable developments in the field of copyright law. In addition to the Department of Industrial Policy and Promotion, India, bringing online broadcasting of copyrighted content under the ambit of the Copyright Act, 1957, there was a row of decisions on several copyright aspects. After years of wait, the Patent Agent examination will also be organized soon by the Indian Patent Office. This Newsletter brings to you an update on all substantial developments of the quarter.

Additionally, we are pleased to inform you that we have been recognized as the IP, Patent, Trademark and Copyright Firm 2016 for India by the Professional Sector Network. We hope to continue providing our support and services to our clients and associates with the same dedication and zeal that has helped us achieve the accolade.

The important updates from the previous quarter of this year are as below:

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## LEGAL DEVELOPMENTS

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### Office Memorandum on Online Broadcasting of Copyrighted Content issued by the Department of Industrial Policy and Promotion

On September 05, 2016, the Department of Industrial Policy and Promotion (Copyright Section) (“DIPP”) issued an Office Memorandum, bringing online broadcasting under the ambit of the Copyright Act, 1957 (the “Act”).

The DIPP had received several representations from various stakeholders enquiring for clarification on the issue of internet broadcasting companies coming under the purview of statutory licensing under section 31D of the Act. The DIPP has widened the scope under section 31D by construing that “*any broadcasting organisation desirous of communicating to the public*” may not be restrictively interpreted to be covering only radio and television broadcasting, as definition of “*broadcast*” read with “*communication to the public*” appears to include all kinds of broadcast including internet broadcasting.

This new development will give impetus to dissemination of more musical content in cyberspace, inasmuch as right holders will no longer be able to refuse to share their music with internet broadcasters which are willing to comply with the statutorily prescribed preconditions under section 31D for broadcasting music on the web. Further, since the Copyright Board has now been vested with the power to determine the terms in accordance

with which such licensing arrangements have to be worked out, the copyright owners of the musical creations will be compelled to share the royalties flowing from the use of these works by internet broadcasters with artists in a fair and transparent fashion.

In summary, the clarification aims to remove any doubt that anybody had regarding the subject matter of internet broadcasting companies coming under the realm of the Act and the potential of such interpretation impacting the music right owners' ability to enter into individual licensing agreements with the internet broadcasting companies remains to be seen.

### **Patent Agent Examination is being organized in 2016**

The last Patent Agent Exam was conducted by the Office of the Controller General of Patent Designs and Trademarks (CGPDTM) in 2013 and since then, the Office has received numerous queries regarding the next date on which the exam would be held. In its most recent update, the CGPDTM's Office has clarified that the Patent Agent Examination, 2016 will be conducted on the 27th of November, this year.

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### **NOTABLE IP CASES**

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#### **Eros International and Another Vs BSNL and Others**

Recently, the Hon'ble High Court of Bombay denied a John Doe order in the matter of an upcoming Bollywood movie 'DISHOOM'. The plaintiff had sought a John Doe order seeking the court to block URLs that allowed illegal download of the movie on various unauthorised web-links.

The court had initially denied the same, and said that "an injunction will not be ordered to block URLs that point to a website, unless the plaintiff demonstrates that the entirety of the website contains, and contains only illicit material". The judge however, also mentioned that the Plaintiffs could return to the court with a fresh application that was better researched, duly verified and authenticated.

Within a span of three days, the Plaintiff again re-filed the application on the same issue. The same resulted in the Hon'ble High Court of Bombay passing an order to block around 100 web-links listed out (by the ISP's marked as defendants in the authenticated affidavit). It was also ordered that the ISP's clearly mention on the blocked page/URLs as to why they were blocked, and also to list out details of the case and order pursuant to which they were being blocked.

The above series of judgements have brought in a new perspective to the jurisprudence of John Doe orders in India, which are otherwise easily granted.

## **Department of Electronics and Information Technology v. Star India Pvt. Ltd.**

On July 29, 2016, a Division Bench of the Delhi High Court passed an order in the suit brought by Star India Pvt. Ltd. seeking 'John Doe' blocking orders. The John Doe orders were sought against 73 (seventy-three) websites to restrain them from streaming online, Star India's broadcast signal of the Indo-Australian cricket series consisting of 3 (three) test matches in 2014. The said order allows for entire websites to be blocked extensively instead of the specific URLs related to the matches.

This decision comes as a surprise when in July itself, the Bombay High Court passed a limited John Doe order in the suit brought by Eros International Media Ltd. against 50 (fifty) telecom and Internet provider defendants. The Court refused to block entire websites allegedly, illegally distributing the movie Dishoom and allowed for blocking only specific Uniform Resource Locators ('URLs') instead of entire websites and blocking them indiscriminately.

In summary, there are 2 (two) conflicting Orders from 2 (two) different High Courts in the country and unless the Supreme Court of India decides to take an explicit stand regarding such IP enforcement, there appears to be no clarity on such issues.

## **CUB Pty Ltd. (formerly known as Foster's Australia Ltd.) vs. Uoi & Ors.**

A Division Bench of the Delhi High Court in its recent Judgment provided clarity on the situs of intangible capital assets and held that income accruing from the transfer of Intellectual Property by a foreign based entity cannot be subject to income tax in India.

Foster's Australia had executed a Brand Licensing Agreement with its Indian subsidiary Foster's India Limited for the sale of beer under its brand. The said Brand Licensing Agreement was an exclusive license to the Indian subsidiary to use four trademarks of Foster's Australia in India. SABMiller thereafter acquired Fosters Australia's Indian assets through an India Sales Purchase Agreement executed in Australia. As a condition precedent of the acquisition, Foster's Australia terminated the aforesaid Brand Licensing Agreement before finalizing the deal with SAB Miller. It also assigned the four trademarks to SABMiller's associate, as required. Finally, the acquisition was concluded and Foster's Australia received a consideration of USD 120 million therefor. Foster's Australia then applied for an advanced ruling on whether the receipts arising to Foster's Australia for such a transaction was taxable in India. The AAR determined that the said intellectual property rights were capital assets situated in India and therefore taxable in India. Being aggrieved by the said ruling of the AAR, Foster's Australia moved the Delhi High Court.

The Division Bench held that an intangible capital asset, by its very nature, does not have any physical form. The legislature could have provided for the location of an intangible capital asset, such as intellectual property

rights, but, it has not done so insofar as India is concerned. The legislature, where it wanted to specifically provide for a particular situation, as in the case of shares, where the share derives, directly or indirectly, its value substantially from assets located in India, it did so. There is no such provision with regard to intangible assets, such as trademarks, brands, logos, i.e., intellectual property rights. In the words of the Division Bench,

*“Therefore, the well accepted principle of ‘mobilia sequuntur personam’ would have to be followed. The situs of the owner of an intangible asset would be the closest approximation of the situs of an intangible asset. This is an internationally accepted rule, unless it is altered by local legislation.”*

Since there is no such alteration in the Indian context, the submissions made on behalf of Foster’s Australia were accepted that the situs of the trademarks and intellectual property rights, which were assigned pursuant to the India Sales Purchase Agreement, would not be in India as the owner thereof was not located in India at the time of the transaction.

### **The Chancellor, Masters and Scholars of the University of Oxford & Others v. Rameshwari Photocopy Services & Anr.**

In the above matter, five foreign publication houses namely, i) Oxford University Press, ii) Cambridge University Press, United Kingdom (UK), iii) Cambridge University Press India Pvt. Ltd., iv) Taylor & Francis Group, U.K. and, v) Taylor & Francis Books India Pvt. Ltd., (hereinafter ‘Plaintiffs’) sought a permanent injunction restraining the Defendants, ‘Rameshwari Photocopy Services’ (Defendant No. 1), a photocopy shop in the premises of the University of Delhi and the University of Delhi (Defendant No. 2), from photocopying, reproducing and distributing copies of the Plaintiffs’ works.

The Defendant No. 1 had obtained a license from the Defendant No. 2 to make course packs for the students of the university. The Plaintiffs’ claim was that photocopying of books published by the Defendants in the premises amounted to infringement of their copyrights.

In this regard, the Hon’ble court had to address the following important issues:

1. Whether making of course packs by the first and Defendants No. 2 amounted to infringement of copyright of the Plaintiffs;
2. Whether making of course packs by the Defendants fall under one of the sub-sections of Section 52; and
3. Whether the action of Defendant No. 2 allowing Defendant No. 1 to make photocopies and to supply photocopies to the students, would tantamount to infringement by the Defendant No.1 or the Defendant No.2 University of the copyright of in the said books.

The Court, addressing the first issue, said that the Defendant No. 2 was entitled to issue books, published by the Plaintiffs and purchased by it from its library. However, they would not be entitled to make photocopies of

substantial part of the books. With respect to the same, the Court observed that if the students would ultimately take photocopies/ photographs of the books issued in the library, and if that would not amount to infringement, the Defendant's action should not too.

To address the second issue, the Defendants too had relied on the Section 52 of the Copyright Act of 1957. It was agreed to and held that the use (photocopying, reproduction or distribution in the university) of literary works of the Plaintiffs amounted to "fair use" of the same, under Section 52 of the Copyrights Act.

Elaborating on the above, the learned judge said - "*Copyright, especially in literary works, is thus not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public. Copyright is intended to increase and not to impede the harvest of knowledge. It is intended to motivate the creative activity of authors and inventors in order to benefit the public.*"

With regard to the license between Defendant No. 1 and Defendant No. 2, the Court held that the Defendant no.2 had not permitted the Defendant No.1 to photocopy entire books, bind the same and offering or displaying the same for sale and stated that the situation was similar to advocates getting photocopies of relevant material from the Bar Association Libraries. The same would not hence, amount to infringement.

### **International Confederation of Societies of Authors and Composers (CISAC) v. Aditya Pandey & Ors.**

The Hon'ble Supreme court of India, in the aforesaid case, reaffirmed an interim order passed by the High Court of Delhi. The said interim order passed by the High Court of Delhi had essentially concluded that once event organizers have obtained licenses from (and paid royalties to) the producers of sound recordings for broadcasting such sound recordings, they did not require separate licenses from lyricists and musicians (authors of the underlying works contained in such sound recordings) when they merely played sound recordings containing the underlying works in public.

The issues that were addressed by the High Court and also the Supreme Court at the interim stage of the original suit filed in 2006 are –

1. *Whether the 'Communication to the Public by way of Broadcasting of a Sound Recording' also amounts to a 'Communication to the Public of Literary and Musical Works embodied in the Sound Recording' under the Copyright Act 1957?*
2. *If the above is answered in affirmative, whether separate licenses in respect of such Literary and Musical Works should be obtained from the authors of copyrights in such works in addition to the license secured from the producer of the Sound Recording?*

Addressing the first issue, the court referred to the decision of the Chancery Division Court, reported as Gramophone Co. Ltd. vs. Stephen Carwardine & Co. (1934) 1 Ch. 450, wherein, the concept of co-existing

copyrights was recognized. The learned Single Judge, at first had concluded that once a license is obtained from the owner or someone authorized to give it, in respect of a sound recording, for communicating it to the public, including by broadcasting, a separate authorization or license is not necessary from the copyright owner or author of the musical and/or literary work. However, this does not mean that the musical and/or literary work can be otherwise "performed" in the public, (as opposed to communication of a sound recording to the public) without authorization.

The High Court of Delhi, while addressing the second issue, relied on *Indian Performing Right Society Ltd. v. Eastern Indian Motion Pictures Association and others* (1977) 2 SCC 820, where it was contended that once the author of a lyric or a musical work parts with a portion of his copyright, by authorizing another to make a cinematograph film or a sound recording in respect of his work, a right exists with the latter to communicate his work to the public. It was hence concluded that it was not necessary for a party to obtain a license from the authors of underlying works (e.g. lyricists and musicians) or from the assignees of such works (in this case, the sound recording company).

It is also pertinent to mention that the Supreme Court also noted the substantial change in the aforesaid law by the copyright amendments of 2012. The court concluded that - with effect from 21st June 2012, the assignment of the copyright in the work to make sound recording per se (i.e., which does not form part of any cinematograph film), shall not affect the right of the author of the underlying work to claim an equal share of royalties or/and consideration payable for utilization of such work in any form by the plaintiff/respondent.

Thanks and Regards

**Team Info Alert**

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