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Dear Friends,

It is with immense pleasure, that we are presenting our monthly newsletter **Indian Legal Impetus** INTA Edition 2018 with special focus on Intellectual Property Rights.

The Annual Meetings of International Trademarks Association (INTA) have always been special for Singh & Associates. We, being Exhibitors at the Conference 5 years in a row now and attendees for more than 10 years, are till date overwhelmed with new friends and professional relationships that we make from exciting INTA meetings.

This year as well, we have reserved **booths # 306 & 307 at WSCC, Seattle** during 20th to 23rd May 2018. ***If you happen to be at INTA Annual Meeting at Seattle, please make sure to visit out booths!***

In this INTA Ed. of Indian Legal Impetus, we present to our readers with latest developments and articles in the field of IPR. In this edition, we discuss one of the most talked about trademark registration of the last year – the Taj Mahal Palace hotel at Mumbai has been allowed trademark registration for its building. We also present an interesting read with respect to “Comparative Advertisement and Product Disparagement” in the *Hindustan Unilever Case*. We then move onto article giving detailed analysis on “Surrogate Advertisements in India”, detailing on the practice along with case laws over the same. Further, an article is directed towards the need for legislation in India with respect to Ambush Marketing, detailing upon the Reasons, Strategies of Ambush Marketing in India, and Ambush Marketing vis-à-vis respective trademark and copyright laws with Indian perspective.

One of most upcoming business trends in India in the last year has been facilitation of new Start Ups by the Indian Government. The emphasis is laid by all sectors (including the Government of India) on the importance of intellectual property in a Start Up ecosystem. In view of the same, an article is included explaining the importance of each intellectual property right for a Start Up and the perks (along with help) provided by the Government over the registration of such intellectual property by the said Government accredited Start Ups. On Designs practice side, we have included our article on the observation of the Kolkata High Court in the case *Krishna Plastic Industries Vs. Controller of Patents and Designs* directing the Designs Office to give reasoned Orders while deciding upon the application for cancellation of a registered design.

Another important focus sector by the Indian Government is relating to Biodiversity, accordingly, an article explaining the need and implementation of The Biological Diversity Act has been included. The article highlights the relevant provisions of the Act dealing with constitution and functions of the National Biodiversity Authority and relevant Sections governing the use of biological resource originating from India. Under our Patent practice, we have include the much talked about provisions and procedures of pre-Grant oppositions to patent applications. The article is an attempt to provide an analyses on PCT Third Party Observations and Pre-Grant Opposition in India under Section 25(1) of the Act.

I sincerely hope that our INTA special edition would be able to provide a satisfactory and interesting read covering the latest developments in the Indian IPR domain. We also hope that the information provided is useful to our esteemed readers and welcome all suggestions, opinions, queries, or comments from our readers. You can also send your valuable insights and thoughts at newsletter@singhassociates.in.

Thank you.

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TRADEMARK PROTECTION FOR BUILDINGS: TAJ MAHAL PALACE, NOW A REGISTERED TRADEMARK

INTRODUCTION

On May 19, 2017, the Indian Hotels Company (IHCL) created history by securing a trademark registration for the exterior design of the Taj Mahal Palace Hotel. While securing trademarks for buildings are a common phenomenon around the world, the iconic landmark of Mumbai is the first of its kind in India to get a registered trademark under its hood. Other famous landmarks that are registered as trademarks are the Empire State Building in New York, the Eiffel Tower in Paris, Sydney Opera House in Australia to name a few.

The primary reason behind securing trademarks for buildings is to protect copycat architecture and protect the unique design of the building and preserve its uniqueness and heritage. Buildings satisfy the dual test of graphical representation, along with the capability of functioning as an indication of source and are hence eligible for trademark protection. By registering buildings as trademarks, the proprietors also attempt to control and limit the depictions of those landmarks in artistic works, pictorial representations, unfair commercial use etc.

Another reason for securing a trademark for the iconic structure can be that the IHCL wanted to protect the structure from being used in productions that could tarnish and dilute the image. For example, if an alcohol manufacturer would put the design of the Taj Mahal Palace Hotel on its whisky bottles, it could tarnish the reputation of the building and dilute its trademark status.

Now that the building is successfully registered as a trademark, the IHCL has the following powers in relation to the building:

1. Nobody can use the trademarked image for commercial purposes without a license from the company. Selling any object with the trademarked image on it will be considered as an infringement action.
2. Any sort of commercial use will be with the

permission and may include the payment of a licensing fee to the company.

The IHCL had sought registration for the iconic building under Class 43 for the following services namely, “services providing food and drink; temporary accommodation”.

A pertinent question that can be raised here is why the IHCL chose to secure a trademark registration rather than a design or copyright registration. Copyright registration only protects the aesthetic value of the building; design registration only helps in increase of commercial revenue generation. A trademark registration on the other hand however, not only increases the commercial revenue generation through licensing, it also signifies that a particular landmark denotes the source or acts as a source indicator while also protecting the distinctiveness of the landmark. Also, the term of protection of a trademark is much longer than that of a copyright or design protection.

REQUISITES TO BE FULFILLED BY A LANDMARK BUILDING TO BE ELIGIBLE FOR REGISTRATION

1. It must be used on or in connection with the promotion and sale of goods and services, or displayed on materials used in offering the goods or services for sale, rather than merely as a landmark per se.
2. The public must recognize such building or landmark as indicating and designating the source of particular goods or services.

Thus, trademark protection “cannot be enforced in the absence of evidence that the public recognizes it and associates it with the owner’s services.”

LEGAL PRECEDENTS:

1. In the case of *Rock and Roll Hall of Fame and Museum v. Gentile Production*,¹ the Museum’s building design was registered with the State of Ohio

¹ 134 F.3d 749 (6th Cir. Ohio 1998)

and the United States Patent and Trademark Office as a trademark. Photographer Charles Gentile took a picture of the Museum against a colorful sunset and began selling the photograph as a poster. The Museum filed a lawsuit against Gentile over the depiction of the Museum in the poster. The court in this case said that "in order to be protected as a valid trademark the building must create "a separate and distinct commercial impression which . . . performs the trademark function of identifying the source of the merchandise to the customers."

However the Museum could not produce evidence to demonstrate that the public actually identified the building as a trademark. If the public does not rely upon the landmark to identify the source then the landmark cannot be held to be a trademark and thus it cannot be registered.

2. Another interesting case is that of *ESRT Empire State Building, L.L.C. v. Michael Liang*², the Empire State Building LLC, owns federal registrations for the word mark EMPIRE STATE BUILDING for observation deck, sightseeing and real estate services, as well as design mark registrations for the same services for this two dimensional depiction of the building exterior. The respondent's company used the picture on their beer bottles without the official permission or any form of licensing agreement from the ESRT. The beer logo in this case belonged to trademark applicant Michael Liang who applied for the trademark on January 8, 2011 with the intent to use the mark in commerce for alcoholic and non-alcoholic styles of beer. The Trademark Trial and Appellate Board found that ESRT's mark is "famous for purposes of dilution", that its mark is inherently distinctive or acquired its distinctiveness through its exclusive use of its mark and have a "strong degree of recognition. After considering all the evidence found, the Trademark Trial and Appellate ruled that applicant's mark is likely to cause dilution by blurring ESRT's mark, hence ruled in the ESRT's favor.

THE ROAD AHEAD:

Now that the Taj Palace Hotel is a registered trademark, no one can use the image of the building for any commercial purpose. If any individual or entity wants to use the image on any of their products, they will have to get a license from IHCL.

Few articles online have criticized this move of IHCL and stated that by getting trademark registrations for landmark buildings, the IHCL is curtailing the right of the public to cultural heritage by not allowing even pictures of the Taj Palace to be depicted on t-shirts and photographs. It is to be kept in mind here that getting a registered trademark for the image does not take away the right of citizens from clicking pictures before the iconic building; they can just not use the pictures for commercial purposes without a license from IHCL.

The adverse impact of this move will be felt by photographers who will now have to pay a licensing fee to the IHCL even if they take a picture of the building and sell it to a magazine.

The reasons as to why the building was registered as a trademark have been stated earlier and are not repeated here for the sake of brevity. However to prove that dilution has occurred, the claimant must show that when the general public encounters the mark in almost any context, it associates the mark at least initially with the mark's owner. The IHCL can therefore justify the move of securing a trademark registration for the Taj Mahal Palace Hotel on the grounds that they did it not only to protect the building's architecture and distinctiveness but also to protect the image of the iconic building from dilution by blurring or tarnishment.

CONCLUSION

Being the first Indian building to get a trademark, the Taj Mahal Palace Hotel has certainly ushered in a new era for the development of Intellectual Property in this field of securing trademark protection landmarks and there can be an exciting road ahead for companies and entities who wish to trademark their famous structures to protect its distinctivity.

Therefore, it is safe to conclude that the move of IHCL in securing trademark registration for easily the most famous building in Mumbai was a smart one.

² <http://ttabvue.uspto.gov/ttabvue/ttabvue-91204122-OPP-95.pdf>

CASE STUDY: COMPARATIVE ADVERTISING AND PRODUCT DISPARAGEMENT IN THE LIGHT OF (HINDUSTAN UNILEVER LIMITED VS GUJARAT COOPERATIVE MILK MARKETING FEDERATION)

INTRODUCTION

Over the years, comparative advertising has become a popular tool among companies to promote their products by comparing them to a competitor's products. Comparative advertising is said to be done when one company advertises its products by comparing itself to the products of its competitors. Honest and non misleading comparisons are fair play to advertise your products and give it an edge over others, however when the comparison results in defaming and disparaging the goods of the competitors, it results in product disparagement.

One such case of comparative advertising that is currently in the limelight is ***Hindustan Unilever Limited vs. Gujarat Cooperative Milk Marketing Federation***³ which will be dealt with below:

FACTS:

1. Amul aired two advertisements that compared Amul's 'ice cream' with other 'frozen desserts'. The storyline follows a young girl who shows courage in the dentist's office therefore qualifying her for an ice cream as a reward. This then leads to a visual showing two cups – one labeled 'Amul' and the other labeled 'Frozen Desserts – is made of edible vegetable oil'. While the former cup has milk flowing into it, the latter has a thick, semi-solid liquid resembling dalda flowing in. With this visual in place, the voice-over then clarifies that Amul "ice cream" is made out of "real milk" as opposed to "frozen desserts" which are made out of vanaspati (the semi-solid substance). It also instructs that children should be given pure, "real milk" made "ice creams" instead of "frozen desserts" made out of "vanaspati/vanaspati tel."
2. It also makes an appeal to the customers to check the packaging before making a purchase. The disclaimer is entirely illegible and notes the

following "FSSAI – the apex body of food safety and regulatory norms in India defines ice-cream as milk based product that has not less than 10% milk fat and Frozen Dessert as Vegetable Oil based product that has not less than 10% Vegetable oils. It also prohibits any misleading practices of presenting frozen desserts as ice-creams." Vanaspati tel mentioned in the voice over refers to Vegetable Oil. In the second advertisement, the voice-over and disclaimer both substitute the words 'vanaspati tel' for 'vanaspati'.

3. Hindustan Unilever Limited, owner of Kwality Wall's who is the market leader in the frozen desserts category at 51.3%, took issue with this depiction that frozen desserts contain 'vanaspati/vanaspati tel' – which is admittedly bad for health. It joined other players in the frozen desserts market as parties to the suit, as defendants 3 & 4 (Vadilal). HUL claimed that the advertisements (TVCs) disparaged all the products sold under the category "frozen desserts" and by extension disparaged HUL's products.

The Bombay High Court raised several pertinent issues but the subject of this article and the issue dealt with herein is whether the television commercials aired by Amul amounted to product disparagement of frozen desserts in general.

CONTENTIONS OF THE PARTIES

The main contentions of Amul were that while comparing television advertisements, a frame by frame analysis of the advertisements should be avoided and in comparative advertisement, puffery of its own products is allowed. Amul also contended that an alert and aware customer can easily understand that "vanaspati tel" refers to vegetable oil and not Dalda.

HUL contended that by showing vanaspati flowing into a cup, Amul wanted to portray that all frozen desserts contain only vanaspati/vanaspati oil which translates to Dalda and is admittedly bad for health. HUL clarified that Kwality Wall's range of 'frozen desserts' do not

³ SUIT (L) NO. 204 OF 2017 BOM HC

contain vanaspati. In fact, Kwality Wall's range of frozen desserts contains milk/milk solids. The only difference is that frozen desserts use vegetable fat instead of dairy fat, which actually makes them healthier as they have lower saturated fat and do not have cholesterol.

OBSERVATIONS OF THE COURT

To understand the case, the Court had to differentiate between 2 points:

1. The difference in contents of ice-cream and frozen desserts.
2. The difference between comparative advertising and product disparagement.

To address the 1st point the Court looked into the Food Safety and Standards Regulations Rules, 2011. Section 2.1.7 sub sections (1) and (3) of the Rules note –

“Ice Cream means the product obtained by freezing a pasteurized mix prepared from milk and /or other products derived from milk.”

“Frozen Dessert means the product obtained by freezing a pasteurized mix prepared with milk fat and / or edible vegetable oils.”

The Court held that by indicating that all frozen desserts use only vanaspati/vanaspati oil which is admittedly bad for health, Amul had disparaged the entire category of frozen desserts in general. HUL and Vadilal being the market leader of frozen desserts had produced substantial evidence to assert that they did not in fact use vanaspati or vanaspati oil in making their products. The advertisements that were aired led to the public to believe that frozen desserts were of an inferior quality than milk-based ice creams.

Therefore, the Court held that the entire concept and intent of the commercials was disparaging.

To address the 2nd point, the Court looked into various other landmark decisions on comparative advertisement. Few notable ones include Reckitt and Colman of India Limited vs M.P Ramachandran and Another⁴, Dabur India Ltd vs Colgate Palmolive⁵ and

Godrej Consumer Products Ltd. Vs Initiative Media Advertising.⁶

For there to be product disparagement, there has to be three key ingredients,

- a. a false/misleading statement regarding the goods,
- b. that deceived consumers and
- c. was likely to influence consumer behavior.

In the present case, Amul's TVCs had not only made a false statement regarding the constituents of frozen desserts but had done so with the intention to potentially deceive ordinary customers who are aware of the health issues associated with vanaspati.

Therefore, in light of the above the Court held that:

1. a manufacturer or a tradesman is entitled to boast that his goods are the best in the world, even if such a claim is factually incorrect, and
2. that while a claim that the goods of a manufacturer or the tradesman are the best may not provide a cause of action to any other trader or manufacturer of similar goods, the moment the rival manufacturer or trader disparages or defames the goods of another manufacturer or trader, the aggrieved trader would be entitled to seek reliefs including redress by way of a prohibitory injunction.”

The Court granted the injunction to HUL and restrained them from airing the TV commercials and upheld the generic disparagement of 'frozen desserts'.

It held that “the content, intent, manner and storyline of the impugned TVCs seen as a whole, convey a false, untruthful, malicious and negative message” thereby disparaging “the entire category of products known as Frozen Desserts of which the Plaintiff is a market leader” and “also disparaging the products manufactured and sold by the Plaintiff and adversely affecting the business of the Plaintiff.”

According to a report by The Business Standard, Amul is set to appeal the decision. However it seems unlikely that the Order will be reversed as the Court has not only comprehensively formulated the issues but has used its sound reasoning to address them.

⁴ 1999 PTC(19) 741

⁵ 2004 (29) PTC 401 (DEL)

⁶ 2012 (52) PTC 260 (Bom)

SURROGATE ADVERTISEMENTS IN INDIA

In the words of advertising tycoon Leo Burnett, "Let's gear our advertising to sell goods but let's recognize also that advertising has a broad social responsibility."

SURROGATE ADVERTISEMENTS: DEFINITION

Merriam Webster defines a Surrogate as a 'substitute'. And surrogate advertisements are just that. A surrogate advertisement can be defined as an advertisement that duplicates the brand image of one product to promote another product of the same brand. The surrogate or substitute could either resemble the original product or could be a different product altogether but it is marketed under the established brand name of the original product. Surrogate advertisements are used to promote and advertise products of brands when the original product cannot be advertised on mass media. Some instances of surrogate advertisements are: Bagpiper Soda, Cassettes and CDs, Royal Challenge Golf Accessories and Mineral Water, Imperial Blue Cassettes and CDs etc.

FUNCTION OF SURROGATE ADVERTISEMENTS.

Ever since advertising of tobacco and liquor products have been banned on Mass Media, these companies have resorted to surrogate advertising tactics to keep their brands alive in the minds of consumers. The most important function of a surrogate advertisement is that of brand-recall. A surrogate advertisement advertises other market commodities without alluding to tobacco or liquor but under the same brand.

Surrogate advertising came into India in the mid-1990s after the Cable Television Networks (Regulation) Act, 1995 read with Cable television Rules, 1994, came into force, which banned direct liquor, tobacco and cigarette advertisements.⁷ Before that the Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975 made it mandatory to display a statutory health warning on all packages and advertisements. Advertisements have a strong influence in the minds of consumers especially in this era of new age technology. Banning direct advertisements about liquor and tobacco was a step ahead by the Government to curb the influence of such advertisements on the public and effectively diminish

the ill effects of these products in general. Therefore Surrogate Advertisements by these liquor and tobacco companies defeat the very purpose of this ban.

Launching new products with a common brand name is known as brand extensions and is not per se illegal or objectionable in nature. The problem arises when a brand extension is carried out in response to a ban on advertisement of one product category.

SURROGATE ADVERTISEMENTS IN INDIA:

In India, Surrogate Advertisements are done mainly in the tobacco and liquor industry. This is a direct consequence of the ban on direct advertisements of tobacco and liquor. Therefore to promote and advertise their products to the masses, Liquor and tobacco found a way around the ban through surrogate ads. The banned product (alcohol or cigarettes) is not projected directly to consumers but rather masked under another product under the same brand name so that whenever there is a mention of that brand, people start associating it with its main product.

Brands like Kingfisher, Wills actually bank upon such ads to draw attention to their other products. For instance, Kingfisher has promoted everything from bottled water, to soda to calendar under the umbrella of the brand name 'Kingfisher'. Former Union Health Minister Mr. Anbumani Ramadoss had challenged the name of the Bangalore Indian Premier League (IPL) cricket team, "Royal Challengers", which was an out and out blatant surrogate advertisement for the liquor brand "Royal Challenge". But the Supreme Court of India has since pointed out that the team was not named 'Royal Challenge', the liquor brand BUT "Royal Challengers". 'Only those who drink can be attracted by these things,' the bench observed in a lighter vein, alluding to the fact that a name would not have any effect on non-drinkers.⁸

NATIONAL AND INTERNATIONAL REGULATIONS

1. Cigarettes and other Tobacco Products (Prohibition of Advertisement and

⁷ Rule 7(2)(viii) of the Cable Television Rules, 1994

⁸ <https://sports.ndtv.com/cricket/now-ramadoss-challenges-bangalore-ipl-team-over-name-1605911>

regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (“COTPA”):

Section 5 of the Act prohibits the advertisement of “Tobacco products” by both direct and indirect means. Sub-clause (i),(iii) and (iv) of Rule 2 of COPTA Rules, clearly sets out that the use of a name or brand of Tobacco products for marketing, promoting or advertising other products would constitute a form of “indirect advertisement”. Accordingly, surrogate advertising carried out by tobacco companies would constitute a form of indirect advertisement and would consequently be prohibited under Section 5.

2. The Cable Television Networks (Regulation) Act,1995

Rule 7(2)(viii) of the Cable Television Rules clearly prohibits the direct or indirect promotion and advertisement of “cigarettes, tobacco products ,wine ,alcohol, liquor or other intoxicants”;

However the proviso to this rule also runs as:

“Provided that a product that uses a brand name or logo, which is also used for cigarettes, tobacco products, wine, alcohol, liquor, or other intoxicants, may be advertised on cable services subject to the following conditions that-

- (i) the story board or visual of the advertisement must depict only the product being advertised and not the prohibited products in any form or manner;
- (ii) the advertisement must not make any direct or indirect reference to prohibited products;
- (iii) the advertisement must not contain any nuances or phrases promoting prohibited products;

- (iv) the advertisement must not use particular colors and layout or presentations associated with prohibited products;
- (v) the advertisement must not use situations typical for promotion of prohibited products when advertising the other products”

The rules therefore provide a clear leeway for such surrogate advertisements under the cover of brand-extensions

3. The Advertising Standards Council of India(“ASCI”)

ASCI is a voluntary self-regulation council, registered as a non-profit company under the Companies Act. It is formed to safeguard against the indiscriminate use of advertising for the promotion of products which are regarded as hazardous to society or to individuals to a degree or of a type which is unacceptable to society at large.

Section 6 of the ASCI code states :

‘Advertisements for products whose advertising is prohibited or restricted by law or by this code must not circumvent such restrictions by purporting to be advertisements for other products the advertising of which is not prohibited or restricted by law or by this code. In judging whether or not any particular advertisement is an indirect advertisement for product whose advertising is restricted or prohibited, due attention shall be given to the following:

- (a) Visual content of the advertisement must depict only the product being advertised and not the prohibited or restricted product in any form or manner.
- (b) The advertisement must not make any direct or indirect reference to the prohibited or restricted products.
- (c) The advertisement must not create any nuances or phrases promoting prohibited products.’

This section specifically prohibits surrogate advertising along with laying down the criteria for deciding whether an advertisement is an indirect advertisement.

4. Framework Convention on Tobacco Control(FCTC)

India ratified the convention on 5th February, 2004 and the Convention came into force on 27th Feb, 2005. The convention seeks to protect present and future generations from devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke by providing a framework for tobacco control measures.

Article 13 of the Convention is titled as Tobacco advertising, promotion and sponsorship. This article recognizes the fact that a comprehensive ban is necessary and imperative. The framework gives the parties the freedom to introduce a comprehensive legislation banning all tobacco advertising, promotion and sponsorship.

PRESENT SCENARIO

On February 25, 2008 the Government issued a notification banning surrogate advertising of liquor companies in print, electronic and outdoor media.⁹ However, subsequently on February 27, 2009, I&B Ministry issued a notification amending the said Rule to allow advertisements of products which shared a brand name or logo with any tobacco or liquor product with several caveats viz: (i) the story board or visual of the advertisement must depict only the product being advertised and not the prohibited products in any form or manner etc.

In 2014, social activist Teena Sharma filed a PIL in the Delhi High Court seeking a ban on surrogate advertisements. She argued that the Cable Television Network rules 1994 must require that all advertisements found to be genuine extensions by the Ministry of Information and Broadcasting must be previewed and certified by the CBFC. For unknown reasons, this PIL was later withdrawn.

⁹ <http://economictimes.indiatimes.com/industry/services/advertising/govt-issues-notification-banning-surrogate-liquor-ads/articleshow/2878618.cms>

It is very clear from the aforementioned existing laws and regulations that any direct or indirect advertising of the prohibited products is not permitted in India.

While the Government notification dated February 27, 2009 allows advertisements of products which shares a brand name or logo with any tobacco or liquor product, it at the same time also states that no reference direct or indirect could be made to the prohibited products in any form. Further, I&B Ministry has also made it very clear vide its Directive dated June 17, 2010 that the Government notification dated February 27, 2009 cannot be cited as an excuse to telecast advertisements of products in violation of Rule 7(2)(viii)(a) of CTNR.¹⁰

STEPS THAT CAN BE TAKEN TO COMBAT SURROGATE ADVERTISING:

1. Making clear and unambiguous transparent laws banning surrogate advertisements for different products under a single brand name.
2. Conducting consumer awareness programmes to help people understand the negative impact of surrogate advertisements.
3. Providing more power to the Advertising standards Council of India to enable it to take action against false and misleading advertisements and keep a close vigil over clever evasion of the law, instead of just issuing notices.
4. Establishing a mechanism for effective implementation of international and national regulations.
5. Several NGOs such as HRIDAY(Health related information dissemination amongst youth), SHAN (Student Health Action Network) etc led campaigns appealing the Government for a comprehensive ban on tobacco advertising. The role of NGOs in combating the menace of surrogate advertising should be recognized and they should be given more authority to work on such issues.

¹⁰ <https://naiknaik.com/surrogate-advertising-in-india-permissible-or-not/>

AMBUSH MARKETING: NEED FOR LEGISLATION IN INDIA

INTRODUCTION

Ambush Marketing is a type of marketing where one brand pays to become an official sponsor of an event and another brand, which is usually a competing brand, tries to associate itself with the same event, without paying the colossal sponsorship fees. The aim of the ambusher is to delude the customer into believing that it has an official association with the said event. Ambush marketers do not use the trademarks of third parties but rather creatively allude to an event and use their own trademarks to suggest a connection or affiliation with that event.

Ambush marketing is more prominent at sports events. A campaign by a brand at one of the big sporting leagues can get the most out of on an international crowd attending the event and the associated television audience as well. This acts as a cost effective, one stop advertising strategy for companies aiming to advertise the brand in different countries. The brands also aim at undermining the branding efforts of competing brands by stealing the attention, increasing the chaos, and confusing the viewers.¹¹

Ambush Marketing is rightly called parasitic marketing because the competing brand tries to live off the Official Sponsor brand's goodwill and reputation by deluding the public into thinking that there is an association between the two.

REASONS FOR AMBUSH MARKETING

Ambush marketing exists due to various reasons. Firstly, the sporting events only occur for a short period. When an event only lasts for 2 to 3 days, it becomes difficult for the event organisers to exercise their legal options to prohibit such activity. Secondly, the existing laws for ambush marketing are quite generic in nature and since the judicial process requires a lot of effort and is time consuming, few companies file suits against ambush marketers. Thirdly, companies are finding ways to immunise themselves against potential law suits in the future by putting up disclaimers saying that they

are not the official sponsors of the event. Fourthly, there is a scarcity of case laws regarding ambush marketing and a Court's decision in favour of the ambushing company can set a precedent that could be used by every other ambushing company and hence the brands are hesitant to file lawsuits.

Some examples of ambush marketing are - vague and generic advertising related to the event, flying airborne banners over the event location, advertising on billboards that are situated near the event, handing out t-shirts, caps, or other merchandise for free near the event, sponsoring individual players so that they wear the brand's name or logo during the event, or running advertisements after an event congratulating the individuals or the team.

AMBUSH MARKETING STRATEGIES

To understand how ambush marketing works and how it comes under the purview of IP law, we need to look into the kinds of ambush marketing strategies adopted by companies.

Broadly, ambush marketing can be characterised into 3 types:¹²

DIRECT AMBUSHING:

- When a brand intentionally wants to appear affiliated with an event for which it has no rights, directly attacking its rival and authorised brand, it is called direct ambush marketing. It is considered the most serious form of ambushing as it directly infringes upon the exclusive rights of usage of the aggrieved party. It may be through unauthorised use of symbols or other marketing elements by another/unauthorised company.

For example, Sprints Communication Co. resorted to direct ambush marketing during the 1994 FIFA Football World Cup by using the event's official logo without

¹¹ Teresa Scassa, *Ambush Marketing and the Right of Association: Clamping Down on References to That Big Event With All the Athletes in a Couple of Years*, *Journal of Sports Management* 2011,254

¹² Ms. Charul Agrawal, Ms. Jyoti Byahatti, *Re-engineering of Indian economy- Opportunities and challenges*, *Asia Pacific Journal of Research*, Vol 3, October 2013

permission of either FIFA (Football governing body) or Master Card who were assigned the exclusive rights for using the world cup logo.¹³

ASSOCIATIVE AMBUSHING:

- It means intentional use of such terms or imagery which portrays that the company has links to the event or property, without making any reference to the official sponsorship.

INCIDENTAL AMBUSHING:

- The efforts of a brand to gain mileage out of an event simply through heavy media spend during the event, without making any direct or indirect references to the event is incidental ambushing. It is just an attempt to distract audiences from the event's official competitive sponsor, by bombarding them with their own ads.

AMBUSH MARKETING VIS-A-VIS INTELLECTUAL PROPERTY LAW:

A trademark under the Trademarks Act, 1999, serves two purposes. Firstly, it protects the goodwill garnered by a particular company. Secondly, it protects consumers from deception i.e. it prevents the consumers from purchasing spurious/counterfeit goods or services in the mistaken belief that they originate from or are provided by another trader.

Therefore, any unauthorized use of any kind of logo or symbol associated with any event, will be a case of trademark infringement.

One of the notable instances is the case of *Arsenal Football Club Plc vs. Matthew Reed*.¹⁴ In this case, Arsenal Football club was the registered proprietor of trademark for the word ARSENAL and the ARSENAL Cannon Device among other things. Matthew Reed was selling souvenirs and club merchandise bearing these registered trademarks without a license from the football club. The Club brought an action against Matthew Reed for trademark infringement and passing off. Arsenal lost on passing off (essentially because they

had not submitted any evidence of confusion). Mr Reed's defence to the claim for trade mark infringement was that his use of the Arsenal Marks did not amount to "trade mark use" or use indicating trade origin but merely as badges of allegiance. The European Court of justice ruled in favour of Reed. Arsenal appealed and the Court of Appeal rightly rejected Reed's contentions and ruled in favour of Arsenal.

Copyright infringement is caused when there is a commercial use of rights, benefits and privileges without authorization, explicit attempt to associate with an event without having a license, use of words, symbols or pictorials confusingly and deceptively similar to the event etc.

Probably the only case law that has addressed the contours of ambush marketing will have to be *National Hockey League (NHL) et al v. Pepsi-Cola Ltd*¹⁵. In this case, the National Hockey Services League, the licensing arm of NHL had entered into a contract with Coca-Cola to be the official sponsor of the NHL in 1989. Coca Cola, therefore, obtained the rights to use NHL symbols for its promotional events in Canada and USA. Through this agreement, however, Coke did not obtain "any right to advertise during the broadcast, in Canada of any televised NHL games." The NHL, not the NHLs, controlled such television rights and it sold them to Molson Breweries of Canada Ltd. (Molson) in 1988 for a five-year period. Molson Breweries, in turn, sold them to Coca-Cola's main competitor Pepsi-Cola. After that, Pepsi launched a television advertising campaign, that without using the NHL symbols or logos, promoted a hockey related contest. In deciding the case, the court noted that although the advertising done by Pepsi is aggressive, it is not unlawful according to the laws of Canada. The court noted that the NHL was, to some extent, the author of its own misfortune since its sale of the broadcast rights did not protect its official sponsor. Thus, the court found that Pepsi was not in violation of Coke's contract nor did its aggressive advertising campaign amount to the tort of passing-off under Canadian law or infringement on registered trademarks. However, this decision supports those seeking to ambush, because it widely opens the doors for ambushers as long as trademark and trade name infringement is not a part of the campaign.

THE INDIAN SCENARIO

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¹⁴ Case C-206/01 ECJ 12/11/2002

¹⁵ 92 DLR 4th 349

In India, there is almost no protection against indirect ambush marketing. In the case of *ICC Development International Ltd v Arvee Enterprises and Anr.*,¹⁶ ICC Development (International) Ltd had filed a suit for injunction pleading that the plaintiff company was formed by the members of International Cricket Council to own and control all its commercial rights including media, sponsorship and other intellectual property rights relating to the ICC events. ICCDIL was the organizer of ICC World Cup to be held in South Africa, Zimbabwe and Kenya from February 8, 2003 to March 23, 2003. The plaintiff had created a distinct 'logo' and a 'mascot' for the event. Owing to wide publicity of the said logo and mascot, members of the public associated the same exclusively with the mascot. It had filed applications for registration of its trade-mark in several countries. In India, it had filed applications for registration of words "ICC Cricket World Cup South Africa 2003" and logo and the mascot "Dazzler". It was pleaded that ICC events had acquired a "persona" or "identity" of their own. The official sponsors of the World Cup were : (i) Pepsi, (ii) Hero Honda, (iii) LG Electronics, (iv) South African Airways, (v) Hutch-Orange, (vi) Standard Bank-South Africa (vii) Toyota-South Africa (viii) South African Breweries (ix) MTN.

Arvee Enterprises was the authorised dealer for sale and service of electronic goods manufactured by the second defendant-Philips India Ltd. They were 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.

The Court rejected the application on the grounds that the logo of ICC had not been misused and hence there was no scope of any assumption amongst the purchasers of the defendants' goods that there was any connection between the defendants and the official sponsors of the events.

However, in the case of *ICC Development vs. EGSS*, injunction was granted against the misuse of the ICC logo by the defendants. The logo was held to be an artistic work under the Indian Copyright Act.

Hence, it becomes very clear that the current intellectual property regime is only partially suited to combat ambush marketing and therefore, there is a serious need for legislation in India.

NEED FOR LEGISLATION IN INDIA

Ambush marketing is a questionable and unethical marketing tactic used by companies who are unwilling to pay the colossal fees to be the official sponsor of an event. Brand managers are willing to ambush market on the grounds that it is considered a modest way to draw attention to their products without having to make huge investments for the same. In the event that such advertisers are not kept in check, and allowed to proceed, it sets a bad precedent for other such companies. In the event that ambush marketing is allowed to happen, it demotivates other official sponsors to pay the colossal sponsorship fees. Therefore, ambush marketing cannot be simply seen as an opportunistic marketing technique. It needs to be perceived in law to empower aggrieved parties to bring about legal action against such companies who practice Ambush Marketing.¹⁷

At the outset, it can be seen from the aforementioned relationship to IPR that ambush marketing infringes trademark, copyright as well as design rights. Therefore, the aggrieved parties have to take recourse to some form of IPR to prove that there has been violation of some statutory provision. Some of the actions that can be brought against Ambush Marketers are:

a) **Passing off**- It is a non-statutory mechanism available to parties under the IP law. In order to have a legitimate claim of passing off, the aggrieved party would have to show that i) it has an established reputation or goodwill, ii) the third party has made a misrepresentation to the public by way of marketing leading the the public to believe that it is in some way connected to the even and, iii) the aggrieved party has suffered or is likely to suffer damage as a result of such misrepresentation.

b) **Trademark infringement**- If the aggrieved has a registered trademark and that registered trademark or a similar mark is being used by an unauthorised sponsor, the aggrieved party can initiate trademark

¹⁶ (2003) 26 PTC 245(DEL)

¹⁷ Sudipta Bhattacharjee, *Ambush Marketing-Problem and Projected Solutions- Global perspective*, *Journal of Intellectual Property Rights*, Sept 2003

infringement proceedings under Section 29 of the Trademarks Act, 1999.

c) **Copyright infringement**- If the aggrieved party has a particular logo, symbol, tagline or quotation in connection with a specific event, the logo maybe sufficiently original to attract copyright. If there is any unauthorised replication of the logo, symbol, tagline or quotation, then the aggrieved party can initiate proceedings under Section 51 of the Indian Copyright Act, 1957.

In absence of legislation, it becomes difficult for Plaintiffs to file a suit against such ambush marketers. There is a strong need to establish a law on the same or in the very least amends the existing laws to incorporate Ambush Marketing as an offence.

However, in the absence of such legislations it is advisable for event organisers to curtail the practice of ambush marketing by drawing up private contracts between themselves and sponsors consisting of anti-ambush marketing clauses.

In the event that the Legislature begins to frame a law against Ambush Marketing, they can incorporate the following guidelines:

1. Restriction on the use of expressions closely associated with the event. For example, in the context of the ICC World Cup, following expressions should be restricted- a) ICC b) World Cup c) World Cup Games. These expressions would be protected and no one other than the official sponsor should be allowed to use the expression for commercial purposes. However, if the official sponsor has licensed out the same, the licensed user maybe permitted to do so in accordance with the terms and conditions of the license.
2. Bestowing of ownership of copyright and design of the event logo on the organisers.
3. No person in connection with the sponsored event shall make, publish or display any false or misleading statements, communications or advertisement which represents or implies a connection with the event and the person sponsoring the event.

UNIVERSALITY AND TERRITORIALITY DOCTRINE WITH REFERENCE TO WELL- KNOWN TRADEMARKS

INTRODUCTION

The Indian Trade Mark Law bestows considerable protection on “well-known” trademarks. Well known trademarks have been defined under the Trade Marks Act, 1999 as a mark which is associated with a particular range of goods or services, by the public and if such mark is used on some other goods or services, it raises a presumption that there is a connection between the two.¹⁸ The concept of trans-border reputation and goodwill of a corporation was recognized by the Hon’ble Supreme Court of India, back in 1996, in the case of **N.R. Dongre & Ors. v Whirlpool Corporation & Anr.**¹⁹ But with the passage of time, the views of the Courts have changed regarding trans-border reputation. This article aims at explaining the concept of the universality and territoriality doctrine, and which doctrine shall take precedence over the other with reference to well known trademarks.

TERRITORIALITY DOCTRINE

The Territoriality principle stipulates that the intellectual property rights do not extend beyond the territory of the sovereign state which had granted the rights in the first place. It favors the notion that the reputation of a product or service is limited to the territory of the country in which that trademark was granted the status of a well known trademark.

The Indian courts have also recognized this doctrine. For instance, in the recent case of **Jones Investment Co v. Vishnupriya Hosiery Mills**,²⁰ the Intellectual Property Appellate Board (IPAB) had ruled against the notion of preventing Indian companies from using trademarks even though the MNCs have no intention to introduce their product in Indian market.

UNIVERSALITY DOCTRINE

According to the Universality doctrine, once a trademark is recognized or registered in one country, it gains

universal recognition. It favors trans-border reputation and is an exception to the Territoriality doctrine. This means that if a trademark enjoys the status of a well known trademark in the United States of America, it would enjoy the same status with regards to its goods or services in India as well, or any other country for that matter.

The Apex court has held the same in a plethora of cases. For instance, in the case of **Milmet Oftho Industries & Ors v. Allergan Inc**²¹ the Hon’ble Supreme Court, after establishing the trans-border reputation of the Respondents stated that “The mere fact that the Respondents have not been using the mark in India would be irrelevant if they were first in the world market.”

RISE OF TERRITORIALITY OVER UNIVERSALITY

Both the doctrines have been recognized and upheld by the Indian courts. This gives rise to a significant moot point relating to well known trademarks that whether they should be governed by the territoriality doctrine or the universality doctrine.

The judicial and academic opinion all over the globe is in favor of the territoriality principle as it protects the domestic traders against giant multinational corporations based in other countries. The favored notion is that the corporation claiming the status of a “well known” trademark in a territory should actually possess a reputation in that territory. For instance, the Apex Court of U.K in the case of **Starbucks vs. British Sky Broadcasting**²² held that, no trader can complain of passing-off as against him in any territory in which he has no customers and nobody who is in trade relation with him.

The contention supporting Universality doctrine is that recognition and reputation of a trade mark is not contingent upon the actual sale of goods in India bearing the mark in question. Advertisement and

¹⁸ Section 2(1)(zg), The Trade Marks Act, 1999

¹⁹ (1996) PTC 415 (Del)

²⁰ Order (No.24 of 2014) , OA/48/2010/TM/CH & MP NO. 260/2010 IN OA/48/2010/TM/CH

²¹ 2004 (28) PTC 585 SC

²² [2015] UKSC 31

promotion of the mark through different forms of media is sufficient to establish reputation and goodwill within a particular geographical area. But this perspective is not in accordance with the principle of equality because if two things have to be compared, they must be equals in the first place. Therefore, if a corporation has not launched its product or does not have any consumers as well as reputation in a specific market then it cannot be compared with the corporation which has an existing product as well as a consumer base in that market. It must be proved that the reputation of a corporation has exceeded the boundaries of its home country and has extended to other nations.

The same question came before the Apex court of India in the recent case of **Toyota Jidosha Kabushiki Kaisha V. M/S Prius Auto Industries Limited**²³ and it was held that it must necessarily be determined if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing off action in the country in question. This decision of the Hon'ble Supreme Court sets a new benchmark for testing of evidence to claim trans-border reputation in India. It is therefore necessary that the trade mark is recognized and has a separate existence in each sovereign Country. The Supreme Court, after considering the jurisprudence in the U.K and Australia on trans-border reputation, came to the conclusion that the issue of trans-border reputation would be governed, in India, by the territoriality principle and not by the principle of universality. The legal position which stands now in India on trans-border reputation is that although the concept is recognized in India and the presence of actual business establishment is not a requirement for establishing trans-border reputation, the existence or non-existence of trans-border reputation is a question of fact. Evidence to support the contention must be explosive or ground breaking. The spillover of reputation can be through the internet, advertisement or through any means which provides the citizens of a country with sufficient knowledge regarding a brand and its products.

Reputation of a trademark implies to the knowledge and awareness of such trademark among the public and is the means by which a trademark is recognized. With globalization of trade and commerce, products are widely available in every nook and corner of the

world irrespective of their place of origin. Adding to this, the knowledge about the products reach other countries long before the actual availability of the product through various modern mass communication technology like TV, internet, newspapers, magazines, cinemas, etc. And thus, the reputation of a trademark is not limited to the country of its origin, but surpasses the geographical frontiers and is spread all across the world.

The nature of goodwill as a legal property with no physical existence means that when a business is carried on in more than one country, there must be separate goodwill in each. Federal Court of Australia in **ConAgra vs. McCain Foods 6 (1992) 23 IPR 193** observed that the test is whether the owner of the goods has established a 'sufficient reputation' with respect to his goods within the particular country in order to acquire a sufficient level of consumer knowledge of the product and attraction for it to provide customers, which if lost, is likely to result in damage to him.

Therefore, by virtue of the above stated facts and observations it can be rightly inferred that the Territoriality doctrine takes precedence over the Universality doctrine.

CONCLUSION

The modern day trade, i.e globalization, has brought in multi-channel modes of sale of goods in the market and therefore it is the Territoriality Doctrine that would hold the field. Prior use of the trade mark in one jurisdiction should not *ipso facto* entitle its owner or user to claim exclusive rights to the said mark in another dominion.

Prior to the introduction of the New Economic Policy in 1991 the foreign brand owners or corporations were incapable of doing business in India. But post 1991 the Indian courts adopted an approach which aimed at developing a level playing field for foreign corporations. By virtue of which, the giant corporations ended up exploiting the small domestic traders and started wiping them out of business. But now since the Apex court of India has ruled in the favor of the territoriality doctrine, it would provide protection to the domestic traders and entrepreneurs against international or foreign corporate entities.

²³ Civil Appeal Nos. 5375-5377 of 2017 (14-12-2017)

Territoriality doctrine is in accordance with the principle of equity, justice and good conscience as nobody should be allowed to take the benefit of someone else's hard work and reputation and hence it should take precedence over the universality doctrine.

The stance of the Hon'ble Supreme Court in the case of ***Jidosha Kabushiki Kaisha V. M/S Prius Auto Industries Limited***²⁴ signifies the story of an advancing IP jurisprudence in India which not only redefines trans-border reputation but also shows that IP jurisprudence manifests in sync with the business environment, and the changing economic landscape of India.

²⁴ Civil Appeal Nos. 5375-5377 of 2017 (14-12-2017)

BACKING UP YOUR STARTUP BY HAVING AN IPR STRATEGY

While developing a new idea as a product, innovators understandably invest a lot of time into the research and development of the product. They focus on building a business model, getting more and more investors to invest in the business and hoping that the product will gain an early traction in the market. What they forget is to have a sound Intellectual Property Protection in place before they launch their product into the market. Although people are now becoming increasingly aware about their IP rights, it is always advisable to have a sound IPR regime in place before launching products into the market.

Intellectual property refers to an invention resulting from creativity, such as new technology, brand, design, or literary and artistic works, to which exclusive rights are recognized. Because there are so many things involved in starting a business, most startup entrepreneurs will neglect to protect their intellectual property as it does not seem so important at the time. However to protect one's IP to the best of his ability, one has to identify which form of IP protection would be best suited for their ideas and products.

TRADEMARK REGISTRATION

A new business usually has a brand name that is new and innovative in nature. The advice to the startup community is to trademark at least their name and logo in order to prevent others from ripping off the name of their company. A registered trademark will do this in two ways. First, the trademark will appear when other entrepreneurs conduct a trademark search. Secondly, if registering for a trademark fails to deter imitators then the startup at least has a sound legal argument in Court. Thirdly in a single brand or logo, trademarks can convey emotional attributes and messages about you, your company, and your company's reputation, products and services. Trademarks also act as an efficient commercial communication tool to capture customer attention and make the business, products and services stand out.

The Government has provided incentives to such startups to protect their trademarks by giving them a 50 percent discount in the official fees for filing a trademark application. For e.g. the official fees for filing

an application for registration of a trademark of a start-up is Rs 5000 as opposed to Rs 10,000 that other enterprises have to pay. Further, the government has appointed start-up facilitators specifically for the prosecution of Trademarks application and will pay them out of their own pocket for helping Start-ups in the process of registration of trademarks.

PATENT PROTECTION

Ideally, a startup should file for a patent at the earliest possible stage in the startup's evolution because patent protection is time-sensitive. A startup developing a new product should always apply for a patent for the product before launching it into the market. For once a technology becomes "public knowledge" before the startup files a patent application, it will not be awarded a patent because the invention will already be known to the public.

The Government has provided incentives to such startups to protect their products by giving them a 50 percent discount in the official fees for filing a patent application. For e.g. the official fees for filing an application for grant of a patent of a start-up is Rs 4000 as opposed to Rs 8,000 that other enterprises have to pay. Further, startups are also exempted from paying professional fees to legal counsels who file patent applications on their behalf.

COPYRIGHT PROTECTION

The product/industry on which the startup is working on determines whether a copyright protection is needed or not. For instance, if it the startup is a software company, it is essential that the developer assesses whether it is susceptible copyright infringement or not. Also, whether the copyrighted software/product has a long shelf life or not has to be determined.²⁵ The answers to the aforementioned can help decide whether it is plausible to copyright the software or not. Although obtaining a copyright is not a costly affair, but it is always advisable to copyright the product if there is a threat to the commercial exploitation of the same.

²⁵ <https://bizztor.com/intellectual-property-rights-protection-for-startups/>

DOMAIN NAME PROTECTION

In this age of social media, a domain name is a must for any startup. A domain name is an easy-to-remember translation of an IP address, through which users can access information. By registering their brand name as a domain name, the startup can not only market their presence in the real world but also the digital world. Having a presence online ensures that the startup can reach all age groups including their target audiences and also make their products accessible from any part of the world. In India, domain names are treated at par with trademarks and therefore can also be protected as a trademark. If a registered trademark is adopted by any third party then the owner also has right under INDRP ICAAN policy to file for arbitration for the transfer of domain name similar to their trademark.

TRADE SECRET PROTECTION

A trade secret is confidential know-how that has value to the success of a business. It is any information that can be used in the operation of a business and is sufficiently valuable to afford an actual or potential economic advantage over others. A startup in the nascent stage of business development should consider using non-disclosure agreements when discussing sensitive and confidential information with employees or third parties, to safeguard their IP.

DESIGN PROTECTION

A design under the Designs Act, 2000 is defined as features of shape, aesthetics, configuration, pattern, ornament or composition of lines or colors applied to any article by any industrial process or means. The Act provides protection or registration right only to the designs that are aesthetic in nature and not dictated by a functional feature. All startups should apply for registration of all their designs well ahead of the launch of their business. Having a design protection protects the owner of the startup against another person creating a similar or identical design, even in overall impression, regardless of whether it was inspired by the registered design or created independently.

Further, startups are also exempted from paying professional fees to legal counsels who file design applications on their behalf.

PLANT VARIETY PROTECTION

Plant varieties are protected under the Protection of Plant Varieties and Farmers Rights Act, 2001. Nowadays innovative startups such as Indigo Agriculture who create drought-resistant seeds coated with tiny microbes are on the rise. These startups should definitely protect their methods and modes of seed production and breeding in order to ward off infringing parties.

CONCLUSION

A startup's intellectual property is one of its most valuable assets. Accordingly, a startup should develop a comprehensive strategy to use starting at the inception of its business to protect its intellectual property. Ignorance of law is no defense and same cannot be pleaded in case of IP rights as they provide time bound protection and hence it is imperative that IP rights must be secured at the first instance.

KOLKATA HIGH COURT DIRECTS CONTROLLER OF DESIGNS TO GIVE REASONED ORDERS

In a recent judgment in *Krishna Plastic Industries Vs. Controller of Patents and Designs*, the Kolkata High Court has cautioned the Controllers to give speaking orders, especially the Orders which are appealable under the Designs Act, 2000.

An application was filed at Patents and Designs Office, Kolkata for cancellation of the registered design *surface pattern of a plastic seal*, registered by Krishna Plastic Industries. The cancellation of registration of a design is prescribed under Section 19 of the Designs Act, 2000.

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 registerable 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.

The Controller, while not making any specific observation with regards to the originality of the design, allowed the cancellation of the said registered design. The Applicants, Krishna Plastic Industries, preferred an appeal over the said impugned Order before the Hon'ble High Court as provided under Section 19(2) of the Act.

The Hon'ble High Court observed that:

"The novelty statement endorsed in each representation sheet reads: The novelty resides in the surface pattern of a "plastic seal" as illustrated. The discussion in the impugned order reveals that the Deputy Controller has examined the shape and configuration of both the designs and only a single sentence in the impugned order refers to the surface pattern. Since the said order is appealable, it is expected that a proper reasoning should be given by the Deputy Controller to arrive at a finding that there is no such distinctive surface pattern in the impugned design. There is no discussion in the impugned order in this regard. The distinctiveness of a design is to be judged by an eye alone. The ocular impression of both the designs does not prima facie appear to be the same. However, the matter is remanded to the authority concerned to reconsider the

matter afresh taking into consideration that the novelty is claimed in the surface pattern of the plastic seal and this Court is not satisfied with the reasoning given by the Deputy Controller in allowing the application for cancellation, the impugned order is set aside. The reasoning does not reflect the mind of the Deputy Controller. The order dated 1st October, 2012 is set aside."

Accordingly, the Kolkata High Court remanded the matter back to the Controller to be heard afresh and advised the Controller to give adequate reasoning while deciding upon the application for cancellation of the registered design.

INDIA'S TAKE ON CONSERVATION OF BIOLOGICAL DIVERSITY

To meet the obligations under the Convention on Biological Diversity also known as *Biodiversity Convention*, India enacted The Biological Diversity Act, 2002 [hereinafter termed as "the Act"]. The present article is an effort to provide the context and summarize main provisions and stipulations under the Act.

The objective of the Act is "*conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits arising out of the use of biological resources, knowledge and for matters connected therewith or incidental thereto.*" India is amongst the foremost developing nations to initiate the process of identification of its vast biodiversity, formulating guidelines for sharing of knowledge and use of it biodiversity, and setting up the National Biodiversity Authority to facilitate the same. The Act aims at striking a balance between a regulated and fair use of the country's biodiversity.

The National Biodiversity Authority (NBA) was established as per the provisions of the Act in 2003 at Chennai, under the Ministry of Environment and Forests, Government of India. The same was followed by State Biodiversity Boards (SBB) in 28 States along with 31,574 Biological Management Committees (for each local body) across India²⁶. The NBA consists of a Chairperson, five non-official and ten ex-officio members to be appointed by the Central Government to represent various Ministries. The prime objective of NBA is to account for, maintain/conservate biodiversity and ensure sustainable use of India's rich biodiversity and associated knowledge.

The NBA, *inter alia*, deals with matters relating to requests by foreign individuals, institutions or companies for access to India's biological resources and transfer of results of research to any foreigner. The SBBs constituted by the State Governments deal with all matters relating to access by Indians for commercial purposes. The institutions of self-governments set up Biodiversity Management Committees (BMCs) in their respective areas for conservation, sustainable use, documentation of biodiversity and chronicling of knowledge related to biodiversity.

Under Section 2(b) "biological diversity" is defined as *the variability among living organisms from all sources and the ecological complexes of which they are part, and includes diversity within species or between species and of eco-systems*. Further, as per Section 2(c), "biological resources" means *plants, animals and micro-organisms or parts thereof, their genetic material and by-products (excluding value added products) with actual or potential use or value, but does not include human genetic material*.

Section 3 of the Act stipulates that all foreign entities, including foreign individuals, non-residents or body corporate, shall get approval from the NBA prior to obtaining any biological resource occurring in India or knowledge associated thereto for research or for commercial utilization or for bio-survey and bio-utilization.

Section 4 prohibits transfer of results of any research relating to any biological resources occurring in, or obtained from India, to any person who is not a citizen of India or a citizen of India who is non-resident as per Income Tax Act or a body corporate not registered in India or having non-Indian participation in its share capital or management.

With regards to Intellectual Property Rights (IPR) vis-à-vis Biological Resource, Section 6 of the act stipulates that-

(1) No person shall apply for IPR protection in or outside India for any invention based on research or information on a biological resource obtained from India without obtaining the previous approval of the NBA before making such application.

Provided that if a person applies for a patent, permission of the NBA may be obtained after the acceptance of the patent but before the sealing of title patent by the patent authority concerned.

Provided further that the NBA shall dispose of the application for permission made to it within a period of ninety days from the date of receipt thereof.

²⁶ https://en.wikipedia.org/wiki/Biological_Diversity_Act,_2002

(2) The NBA may, while granting approval under this section, impose benefit sharing fee or royalty or both or impose conditions including the sharing of financial benefits arising out of the commercial utilization of such rights.

(3) The provisions of this section shall not apply to any person making an application for any right under any law relating to protection of plant varieties enacted by Parliament.

(4) Where any right is granted under law referred to in sub-section (3) of Section 6, the concerned authority granting such right shall endorse a copy of such document, granting the right, to the National Biodiversity Authority.

Accordingly, before applying for IPR protection for an invention based on research or information regarding biological resource obtained from India, the applicant is first required to obtain approval from the NBA. However, in case of patent protection, said permission or approval from NBA can be obtained any time before recordal of patent at the respective patent authority in India or outside India. Further, the provision is not applicable for registration under Plant Varieties Act. However, the concerned authority while granting such registration is required to provide a copy of the same to the NBA.

In view of the “NBA approval” required for IPR protection, especially for patents, we have observed that under the current Indian Patent Office (IPO) practice, the Controller as a routine inserts a requirement in the first examination report (office action) for furnishing of NBA approval in the case of use of any biological resource obtained from India. Accordingly, the applicant needs to comply with this extra requirement if the invention is based on or has even a mention of the biological resource obtained from India in its specification.

The NBA plays a vital role in achieving the objectives of the Biological Diversity Act. The functions and powers of the NBA are lined out in Section 18 of the Act, which stipulates that:

(1) It shall be the duty of the NBA to regulate activities referred to in sections 3, 4 and 6 and by regulations issue guidelines for access to biological resources and for fair and equitable benefit sharing.

(2) The NBA may grant approval for undertaking any activity referred to in sections 3, 4 and 6.

(3) The NBA may (a) advise the Central Government on matters relating to the conservation of biodiversity, sustainable use of its components and equitable sharing of benefits arising out of the utilization of biological resources; (b) advise the State Governments in the selection of areas of biodiversity importance to be notified under sub-section (1) of section 37 as heritage sites and measures for the management of such heritage sites; (c) perform such other functions as may be necessary to carry out

the provisions of this Act.

(4) The NBA may, on behalf of the Central Government, take any measures necessary to oppose the grant of intellectual property rights in any country outside India on any biological resource obtained from India or knowledge associated with such biological resource which is derived from India.

So as to enforce the regulations prescribed Sections 2, 4 and 6 of the Act, the penalties are given under Section 55(1), which is self explanatory: Whoever contravenes or abets to the contravention of the provisions of section 3 or section 4 or section 6 shall be punishable with imprisonment for a term which may extend to five years, or with fine which may extend to ten lakh rupees [1 million INR] and where the damage caused exceeds ten lakh rupees such fine may commensurate with the damage caused, or with both.

Thus, while restrictions are there, the same also facilitate sustainable use and informed sharing of knowledge relating to India’s biological resources. In today’s time when commercialization has penetrated each walk of life and innumerable resources which were unrecognized as resources only a few decades back, legislations such as Biological Diversity Act place checks and balances over uses and knowledge sharing of a biological resource and protecting it from excessive/harmful misuse in future.

PCT THIRD PARTY OBSERVATIONS & PRE-GRANT OPPOSITION IN INDIA: AN ANALYSIS

PRE-GRANT OPPOSITION IN INDIA:

In India there is provision of ²⁷Pre- Grant Opposition, whereby any person can represent by way of opposition to the Controller of Patents against grant of a patent for any invention based on specific grounds as mentioned in Section 25(1) of Indian Patents Act, 1970. In case the Opposition representation is found to be valid, it may assist Patent Office in taking decision with regards to patentability of an invention before a Patent is granted to the invention, thereby resulting in grant of valid patents.

PCT THIRD PARTY OBSERVATIONS:

²⁸In the international phase of PCT application, originally the only people involved were the applicant and the Offices conducting various aspects of processing (receiving office, International Bureau and International Searching and Preliminary Examining Authorities). Third parties were getting some information during the process of International Phase, but have had no opportunity to comment unless the application entered the National Phase and as allowed by National laws.

²⁹World Intellectual Property Organization (WIPO), introduced Third Party Observations Service, whereby third parties are permitted to make certain observations on an international application during the international phase if they believed that the claimed invention is either not new (lacks novelty) or is obvious (lacks inventive step).

³⁰Analyzing the two system provisions regarding Pre-Grant Opposition in India & PCT Third Party Observations:

- Third party observations can be submitted from the International Publication date until 28 months from the Priority date, whereas Pre-

Grant Opposition can be submitted any time after the Publication of application, but before the grant of Patent.

- In third party observations, a person may only make a single observation on any particular International application, whereas there is no such restriction for Pre-Grant Opposition, and as many representations can be submitted in respect of a particular application.
- In third party observations, only a maximum of ten observations may be submitted on any particular International application, whereas Pre-Grant Opposition can be submitted in respect of a particular applications with as many grounds and as many citations or observations.
- Both Third Party Observations and Pre-Grant Opposition may be submitted by any person and not necessarily by an interested person.
- Both are restricted to certain specific grounds, where third party observations are limited to comments on novelty and inventive step only, Pre-Grant opposition is limited to grounds as mentioned in Section 25 (1) of Patents Act, which includes novelty and inventive step.
- In Third Party Observations, the submission is required to be made online using the e-PCT Public Service, after making a WIPO user account; whereas Pre-Grant Opposition can be submitted either online by e-filing route or as hard copies at respective Indian Patent Office.
- In both Third Party Observations and Pre-Grant Opposition, there is no filing fee involved, and any person before making such observation will not be worried about the costs involved.
- In Third Party Observations, the National Patent Office is free to ignore the observations, even if the same is published by WIPO; however in Pre-Grant Opposition, the examiner cannot

²⁷ Indian Patents Act, 1970, Section 25 (1)

²⁸ e-PCT Third Party Submissions user guide

²⁹ e-PCT Third Party Submissions user guide

³⁰ e-PCT Third Party Submissions user guide and Indian Patents Act, 1970

ignore the opposition representation and has to evaluate the validity of Patent to be granted following the statutory procedure.

Party Observations made on any International Application and are free to ignore them completely.

- In Third Party Observations, the applicant of International application is not mandated to file a response on observations; however the same can be filed within 30 months from Priority date; whereas in Pre-Grant Opposition, the response by applicant of Patent application is mandatory and is required to be submitted within 3 months of receiving Opposition Notice.
- In Third Party Observations, the applicant has no right to interfere or participate in further proceedings of the application, once the observations are made; whereas in Pre-Grant Opposition, the applicant who filed Opposition has a right to be heard, if allowed by the Controller, and will be participating in the procedural formalities for the Pre-Grant Opposition before the Controller of Patents.

Earlier there was no mechanism to comment on PCT International application unless the same entered National Phase in different countries. This provides an opportunity to make observations on PCT applications, during International Phase, claiming that the invention lacks novelty or inventive step.

CONCLUSION:

PCT Third Party observations system can be said to be bearing similarities with Pre-Grant Opposition in India. The system of Third Party Observations introduced by WIPO can be helpful for National Offices in getting Prior Art references. Such observations by Third Parties might assist International Searching Authorities (ISA) and International Preliminary Examining Authorities (IPEA) with the Prior Art documents. The beneficial thing about third party submissions is that, it is applicable worldwide; all the nations can refer to the observations made on any International application.

Like ISA & IPEA search reports, Third Party Observations will equally not be binding on National Offices Examiners, and may only be considered as references. Unlike Pre-Grant Opposition in India, the National Patent Office Examiners who are ultimately deciding on the Patentability of invention, are not bound by Third

MEMES AND COPYRIGHT: FAIR USE OR INFRINGEMENT?

In the year 1976, Richard Dawkins, an evolutionary biologist devised, the term 'meme' in his book "The Selfish Gene". In this book, Dawkins defines the meme as a unit of cultural meaning, such as a value or an idea, which is passed from one generation to another. Dawkins further illustrated that the meme is the cultural counterpart to the unit of physical heredity.

In recent times, the most popular understanding of memes would be illustrations, photos or movie excerpts which are superimposed with text with a humorous undertone, hence placed in a completely new funny context. These internet jokes (memes) spread like wildfire in the internet community, hence making the memes viral. The main issue here is whether these light-hearted memes which are mostly ironic and critical; functioning as a parody for the main content is infringing copyrights of the original artist?

A meme would fall under the ambit of 'artistic works' which is defined under the provision of section 2 (c) of the Copyright Act, 1957 which states that an artistic works include paintings, sculptures, drawings (including diagrams, maps, charts or plans), engravings, photographs, works of architecture and works of artistic craftsmanship. As mentioned earlier, an image/ photograph in a meme is mostly copyrighted, thus sharing without an authorization will constitute an infringement. Any kind of reproduction by way of distribution and sharing of the meme, which has copyright wholly or partly, would come under the ambit of being an 'infringing copy' as stated in section 2 (m) (i) of the Copyright Act.

In order to successfully gain the fair use defense in India, a creator has to fulfill two conditions: (i) the intention to compete with the copyright holder must not be there; and (ii) improper usage of the original photograph/image/video, etc. must not be done. The first condition, also known as the market substitution test, can be easily won as the main purpose of a meme is taking a sardonic or comical take on something involving someone and does not seek to compete with the right holder. The second condition involves the term 'improper use', which is a very broad term and cannot be defined in a strait jacket definition rather it is open for interpretation and further deliberation. Since

meme is for fun purposes, they hardly come under the purview of improper use unless they appear to be blatantly offensive to the right holder.

The 'fair use' doctrine is a legitimate defense in cases of copyright infringement. The Copyright Act enlists four different factors to determine the use of copyright work is fair or not, but none of these factors are determinative. The first factor is the purpose and the character of the use, second factor talks about the nature of the copyrighted work. The third factor talks about the amount and substantiality of the portion used in relation to the copyrighted work as a whole. The last factor talks about the effect of the use upon the potential market in regard to the copyrighted work³¹.

The memes which weigh against fair use, for example a meme that an enterprise creates and distributes for sales and marketing purposes has a commercial element. These memes are different to the Internet memes created by fans, individuals, etc. If the nature of the copyrighted work is more factual and contemporary (for example, a picture of a historical figure), rather than something more creative (for example, a clip from a motion picture), this will favor fair use. If the meme includes a short clip from a longer movie, then the amount and substantiality of the use factor will favor fair use; however, this may not be the same case when the meme consists of a single photograph/image.

Till date, India has not witnessed any meme-ology litigation. But in the USA, Warner Bros faced litigation under copyright infringement after they used the famous 'Nyan Cat' and 'Keyboard Cat' in their game Scribblenauts³² and had to pay heavy compensation to the plaintiffs Charles Schmidt and Christopher Orlando Torres. AT&T President Aaron Slater faced \$100 million racial discrimination litigation after he shared an infamous racist meme³³.

³¹ <https://techaeris.com/2015/09/05/blog-sued-by-getty-images-for-using-popular-socially-awkward-penguin-meme/>

³² *Charles Schmidt & Christopher Orlando Torres v. Warner Bros Entertainment CV 13-02824*

³³ <http://www.mondaq.com/india/x/417492/Copyright/Meme+vis+a+vis+Copyright+Law>

As it is stated above, memes have no commercial value and they usually fall under the ambit of fair use defense. But this defense won't work, when there is infringement in regard to right to privacy of an individual. The defense of right to speech and expression will not work when people/celebrities start using their publicity/privacy rights against 'mistaken' perpetrators. Copyright infringement comes into picture where there is non-obtainment of consent from the author/individual before using his/her image. Therefore, young and amateur creators must procure necessary licenses and approvals from the copyright holders to prevent any liability in the future.



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