

SC ON COURTS' JURISDICTION TO DECIDE THE ISSUE OF LIMITATION AND RES-JUDICATA

Undoubtedly, principle minimal judicial intervention is the basic prerequisite for the efficient functioning of the arbitration process in any country. It is widely accepted in the contemporary international commercial arbitration that the municipal courts must be 'supportive' of the arbitration process and the laws of the country must allow its judiciary to interfere in the arbitration process only to eradicate the hindrances and effectively enforce the award. Judiciary in the country at various occasion have acknowledge the said principle and have restraint in interfering into the Arbitral process.

Though authority of judicial intervention in India is confined to the extent provided under the Arbitration law of the country, but at several times, some gray areas emerge where it is unclear whether it is the prerogative of the judiciary to decide certain issue or the Tribunal. Therefore to demarcate the boundary between the prerogatives of Court and Arbitration tribunal, the Supreme Court has drawn line of distinction on various instances through its judicial pronouncements.

The latest judicial pronouncement of the Supreme Court of India, Indian Oil Corporation Limited v. SPS Engineering Limited draws considerable light on the prerogatives of Judiciary to decide certain issues which seems in conflict with the similar prerogative of the arbitration tribunal to decide the same issues.

In the instant case, Special Leave Petition preferred before the Supreme Court raised the central issues of our concern that; "Whether the Chief Justice or his designate can examine the tenability of a claim, in particular whether a claim is barred by res judicata, while considering an application

IPR International News

Delhi High Court issues search warrants for counterfeit Reebok watches on the plea of German company.

Delhi High Court has issued search warrants on the plea of German company Reebok that counterfeit watches of the international brand were being sold in India. Pursuant to the Court orders, Reebok raided some of the markets of Delhi and seized 219 counterfeit watches, which were being duplicated by other companies and being sold at a very less price here.

The Court after hearing the lawyer appearing on behalf of Reebok passed the orders to raid the premises of one Radha Watch Co at Lajpat Rai market, which allegedly sells the counterfeit watches of the brand.

The distinctions in the actual and counterfeit watches were so minute that it could not be identified easily. The tin box containing the watches was almost similar to the original, said the brand's counsel. Justice Bhatt was convinced with the case and proofs presented by the company's counsel and ordered Reebok to go ahead with further raids and seizure of the counterfeit material.

Sony Ericsson Sues Clearwire Over its Swirl Marks Logo

Well – known telecom giant Sony Ericsson has recently filed a trade mark infringement lawsuit against Clearwire in this year January at the United States District Court of Viginia. The dispute arose over Clearwire's sphere with swirl marks that Sony claims is nearly identical to its model. It has been alleged in the complaint against Clearwire that while Sony is welcome to competition, Clearwire's attempt to pass off a near identical an highly confusing and similar trade mark logo, in direct trade mark conflict with Sony's registered and protected logo is strongly condemned.

under section 11 of the Act?. Whether the Designate was justified in holding that the claim was barred by res judicata and that application under section 11 of the Act was misconceived and mala fide?

In other words, whether the issues raised by the Appellant in this matter falls within the Purgative/jurisdiction of the court to examine the merits of the issue or not, while considering the petition for appointment of an Arbitrator under Sec. 11 of the Arbitration Act.

While redefining the ambit of courts' jurisdiction during the arbitration process, the Supreme Court of India traced back the judicial development on the same subject. The Apex court relied on the ratio laid down in National Insurance Co. Ltd. vs. Boghara Polyfab Private Limited read with the decision of SBP & Co. v. Patel Engineering Ltd., identified and segregated the issues that may be raised in an application under section 11 of the Act into three categories. The Second Category interalia provided that the issue, whether the claim is a dead (long-barred) claim or a live claim may be decided the Chief Justice/his designate or leave them for the determination by the Arbitral Tribunal.

Thus it may be pertinent to mention here that the above classification had empowered the Courts to bring before its ambit and decide the issue of Limitation under section 11 of the Arbitration and Conciliation Act, 1996 (the Act).

However, in the instant casa, Supreme Court over ruled the above two judgments, while deciding the issues brought to the notice of SC by the SLP, to the extent of its earlier findings on the issue of Limitation and declared that the issue is the prerogative of the Arbitral Tribunal and not of the Court under section 11 of the Act. For ready reference, the relevant observation of the SC on the issue may be reproduced as:

"19. The Designate should have avoided the risks and dangers involved in deciding an issue relating to the tenability of the claim without necessary pleadings and documents, in a proceeding relating to the limited issue of appointing an Arbitrator. It is clear that the Designate committed a jurisdictional error in dismissing the application filed by the Appellant under Section 11 of the Act, on the ground that the claim for extra cost was barred by res judicata and by limitation. Consideration of an application under Section 11 of the Act, does not extend to consideration of the merits of the claim or the chances of success of the claim."

SC ON WRIT JURISDICTION IN THE PRESENCE OF AN ARBITRATION

Glaxo Group Ltd. and Anr. V/s. S. D. Garg and Ors.

Plaintiffs, registered proprietors of the Trade mark "BETNOVATE" in respect of skin ointment, filed infringement suit against Defendants to restrain Defendants from using a deceptively similar Trade mark "BECNATE" as that of Plaintiffs with respect to similar product. The court held that it amounted to infringement and granted a decree of permanent injunction in favour of the plaintiff.

Bhatia Industries and Ors. V/s. Pandey Industries and Ors.

Plaintiff filed suit claiming trade mark and copyright infringement by Defendants and also filed for amendment of plaint. Defendants filed application for rejection of plaint on ground of lack of territorial jurisdiction of Court to entertain same as no cause of action arose within the jurisdiction of court. The court held that nothing in law precludes the Plaintiff from relying upon the admission made in the pleadings and /or documents of the Defendant to show that the Court has territorial jurisdiction to try the suit filed by him. If the Defendant makes averments, which constitute a territorial jurisdiction of this Court, the Plaintiff is very much entitled to rely on those averments and to claim that the admission made by the Defendant in this regard is sufficient to prove the territorial jurisdiction of the Court.

The court further held that an amendment, which is of clarificatory in nature needs to be allowed since it causes no prejudice to either party. By way of proposed amendment, the Plaintiffs want only to clarify that the sale referred by them was being made by the Defendants in Delhi and that they have business activities in the jurisdiction of the Court. The proposed amendment does not change nature of the suit or the cause of action on which it is based and does not prejudice the Defendants in any manner.

AGREEMENT:

Recently, the Supreme Court in the matter of Union of India and Ors. Vs. Tania Construction Pvt. Ltd. while deciding the maintainability of writ jurisdictions of the High Court in the presence of an arbitration agreement observed that the existence of an alternative remedy is not an absolute bar on the writ jurisdiction and clearly stated that the constitutional powers vested in the High Court or the Supreme Court cannot be fettered by any alternative remedy available to the authorities. The Apex Court concluded as follows:

“Injustice, whenever and wherever it takes place, has to be struck down as an anathema to the rule of law and the provisions of the Constitution. We endorse the view of the High Court that notwithstanding the provisions relating to the Arbitration Clause contained in the agreement, the High Court was fully within its competence to entertain and dispose of the Writ Petition filed on behalf of the Respondent Company.”

Interesting trends in Intellectual Property Rights

Until almost the year 2005, the only remedy that was available in an action for infringement and passing off was enforcing cost and cease the accounts of profits. In some other cases, the plaintiff could also seek an order for appointment of a Court Commissioner to search and cease the defendant's premises particularly where there was a risk of goods imposing almost in the lines of criminal action (called as an infringement order) or the goods for freezing of the defendant's assets pending adjudication (mere injunction).

Further until the year 2005, the Indian Courts have taken an aggressive stand in awarding damages, particularly in cases relating to knock-offs or in violation of well-known trademarks. In India, as the instances of such cases has been on the rise, but also the quantum of damages awarded has continuously increased, encouraging more benefits to the plaintiff's to explore court action against the defendants. Some of the leading cases on damages in India are:-

1. Adidas- Salomon AG v Jagdish Grover 2005(30) PTC 308.

The defendant was manufacturing and retailing clothing under the mark ADIDAS. The court permanently enjoined it from doing so and ordered it to hand over its accounts and all products bearing the mark and to pay damages of Rs. 500, 100 and 9 percent interest.

2. Buffalo Networks Pvt Ltd v Manish Jain 2005(30) PTC 242 Del.

The court awarded Rs.1 Million in damages for the dilution of trademarks with respect to the domain name "tehelka.com".

3. Tata Sons limited v Fashion ID 2005 30 PTC 182 Del.

The court awarded Rs.100,000/- for infringement of the plaintiffs registered domain name "tatainfotecheducation.com".

4. Microsoft Corporation v Yogesh Popat 2005(30) PTC 245 Del.

The court awarded Rs.1.975 million in a software piracy case.

5. Microsoft Corporation n Kamal Vahi CS (OS) 817/2004.

The court awarded Rs.2.363 million in a software piracy case.

6. Amar natyh Sehgal v Union of India 2005 (3) PTC 253 Del.

The court awarded Rs.5,000/- for breach of an artist's moral rights.

7. L.D.S. Lal v Ghanshaym Das 2007(35) PTC 693 Del.

The court awarded compensatory damages worth Rs. 2.5 Million and punitive damages worth Rs. 2.5 Million stating that in addition to compensatory damages, punitive should also be awarded to serve as a deterrent to infringers.

8. Microsoft Corporation v Deepak Raval MIPR 2007 (1) 72.

The court awarded Rs. 5000,000 and costs in a software piracy case.

9. Microsoft Corporation v K Mayuri 2007 (35) PTC 415 (Del).

The court awarded Rs. 1 Million in a software piracy case.

10. Time Incorporated Vs. Lokesh Shrivastava and Anr. [2005 (30) PTC 3],

The court held that the Red Border Design is distinctive and directly associated to the magazine of the Plaintiff and awarded punitive damages of Rs. 5 Lakhs and compensatory damages of Rs. 5 Lakhs and 6 lakh interest.

11. Cartier International BV v M/s Cartier Enterprises CS (OS) 1208/2003.

The court awarded Rs.5000,000 in a trademark infringement case.

With the courts frequently granting Anton Piller and John Doe orders upon the establishment of a strong prima facie case, the approach of the judiciary seems to be significantly progressing. In the case of Taj Television & Anr v Rajan Mandal & Ors [IA NO. 5628/2002 in CS (OS) 1072/2002], John Doe orders were granted in India for the first time, whereby the

Commissioner was empowered to enter the premises of any cable operator who were engaged in illegally airing the football World Cup 2002. Courts have further been granting John Doe orders in several law suits, Phillip Morris, Sony Entertainment Pvt. Ltd involving the Indian Premier League, Luxottica etc, to name a few.

Apart from the above, the courts have also been granting Mareva injunction for search and seizure in a civil suit, Norwich Pharmacal freezing the Defendants assets, combining Plaintiffs, Lock breaking orders, in Camera hearings etc.

Extent of Protection:

As a matter of practice, non-conventional trademarks are now granted registration. For example, India has protected "yahoo yodel" as a sound mark. Combination of colors is also protected, while it is debatable whether a single colour would be granted protection. In this case, there is currently diverse opinion particularly given that Practice Guidelines of the Trade Marks office seem to suggest that even a single colour mark may qualify for registration on evidence of hugely acquired distinctiveness. The issue regarding gesture marks is currently not clear as while elsewhere marks may qualify for registration if represented graphically, the enforceability will be decided depending upon the degree of violation. This of course does not take away from any enforceability in an action for passing off.

Three dimensions marks and shape marks are getting registered and also enforceable. The "ZIPPO" lighter has been registered as a shape mark in India. In the case of Zippo v Anil Moolchandani CS (OS) 1355/2006, the Delhi high court extended trademark protection to the shape mark ZIPPO.

Over the past few years, the Indian Courts have been proactive in protecting the trade dress. For instance, in the case of Cipla Ltd. vs. M.K. Pharmaceuticals 2008 (36) PTC 166 Del, the court held that the trade dress protection is broader in scope than trade mark protection because it protects packaging and product design that cannot be registered for trademark protection and because evaluation of trade dresses violation claims require Courts to focus on the plaintiff's entire selling image, rather than a narrow facet of a trademark.

A Higher Degree of Recognition of Well-Known Trademarks:

Although the Trade Marks office in India does not specifically contain a

Register for entering a mark as well-known, the provisions of the Trade Marks Act 1999 clearly stipulated grounds under which the mark may be considered as well-known. Over the last few years, there has been significant increase in number of marks that have been considered as well-known in India and granted protection against unrelated goods. Some of these marks included BENZ, TOSHIBA, PLAYBOY, SUN MICRO SYSTEM, TATA, BABA, FORD, BATA, DUNHILL etc. It is interesting that the judicial pronouncements have included not only recognition by courts but also a growing recognition by the Trade Marks office in opposition proceedings.