

## Tata expands to Canada

In recent news, TATA companies will be receiving up to US\$ 500 million per year from Canada's top funding agency in support of its expansion and growth plans in Canada. Tata is known to have invested more than \$1.3 billion in Canadian operations in order to bolster its expansion plans in the past five years. The Tata Group's Canadian division is known to be engaged in beverage, steel consulting, chemicals, communication technologies and interactive sectors that employ about 3,000 workers and are known to have more than 1,000 Canadian suppliers.

The EDC (Economic Development Canada) is slated to underwrite loans primarily to help SMSCs (Small to Medium Sized Companies) within Tata's global network, as the Tata group is viewed as a key channel organization for the Canadian market to penetrate and establish a footing in India. For this purpose, a formal agreement is to be entered into by both parties Tata and EDC, which would be subject to renewal annually. While the agreement to be signed between EDC and Tata provides a framework for EDC financing, the Crown Corporation must approve each transaction individually.

The EDC Chief Executive – Benoit Daignault has stated in press releases that the provided financing would help to deepen Tata's Canadian roots, create opportunities for Canadian companies and serve as a reflection of Tata's importance to Canadian Exporters.

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## Pokémon - Gotta catch'em all (infringers)

The Pokémon series is a fond childhood memory for people across the world (and maybe very much a present one!) The series is centred on an adolescent boy whose mission it is to catch all the Pokémon and eventually become a Pokémon Master. Fans across the globe organise events to meet other people sharing an interest in the series. One would assume that these events re-generate interest in Pokémon, a boost in sales of merchandise and are basically good publicity for the series. However, the original right holder might not entirely agree.

It was recently reported that Pokémon Company International Inc., filed a suit against a fan party based on the Pokémon theme. The defendants, Ruckus Productions, Ramar Larkin Jones, and Zach Shore, had been publicising the event on social media platforms using the images of Pokémon characters which were protected under Copyright laws. In addition to this, 30 party tickets had been sold for the party i.e. it was a commercial event. Consequentially, Pokémon Company filed a copyright infringement suit against them. It was mentioned in the suit that this particular fan event i.e. Pokémon themed parties had been conducted since 2011 therefore, this was a case of recurring infringement by the defendants. The plaintiff prayed for permanent injunction to restrain the Defendants from further infringing their copyright. Alongside, actual and statutory damages were also demanded. The Defendants buckled under the humungous pressure and resolved the matter in an out of court settlement where they had to pay \$5,400 as damages for the infringement.

This case is a reminder that not all fan events/use are well-received by the corporate houses owning rights to a work. It is a sad but legally sound position that if the right owners permit one infringement

(even by fans) it will amount to acquiescence which in turn affects the level of protection accorded to their works. There have been similar instances in the past, for instance, a fan of Calvin and Hobbes comic strip transposed the titular characters in different natural surroundings but a Cease and Desist notice was sent out by the publishers of the strip to take down such images. Bill Watterson, the author of the comic strip Calvin and Hobbes is against the merchandising of his characters and intends to keep them confined to comic strips alone. Previously a picture of Calvin urinating on a Ford logo was circulated on the internet. The picture was removed only after copyright owners threatened to sue the party releasing such precarious pictures. It has to be understood that apart from the legal rights, the owners have a moral right over their characters and their use –a Pokémon theme drink, cosplay etc. might not be in sync with the owner's intent of maintaining the innocence of the characters (the series is intended for children). Creators tend to have a more emotional attachment with their works and a lot of times it is not just about the money but also about the connotation and interpretation of their works which may not be agreeable to them.

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### Dancing baby dances out of legal battle

The internet has changed the way in which most of us prefer to spend our leisure time. Numerous websites host content catering to different classes of audience. One such website is YouTube. The site is a platform for people to showcase their talent, and share interesting information. The flip side of this site is that if any IP infringement case is reported against content uploaded on it, an immediate take down notice is sent to the uploader and the video is removed from the site and re-uploading of the video can result in a lawsuit. It is important to point out that big corporations file law suits against such activities and staggering figures are reported as damages. Individuals uploading content generally relent, however, there was one who didn't and what followed was a historic copyright fair use verdict in the United States.

*Lenz vs. Universal Music Corp.* is a story of how David defeats Goliath on its own turf. In the year 2007 Stephanie Lenz uploaded a small clipping showing her 13 months old toddler dancing to singer Prince's song 'Let's Go Crazy'. Universal Music, the music managers for Prince, sent a takedown notice to YouTube to remove the video. It was cited as violating the Copyright of the artist by unauthorized use of the song. The video uploader – Stephanie Lenz re-uploaded the video, this time she sued Universal for the takedown notice and claimed damages. Lenz's attorney argued that uploading the video was protected under Fair Use and taking it down was violating the uploader's Freedom of Speech and Expression guaranteed by the Constitution.

The Federal Court of Appeal held that prior to issuing a takedown notice, companies should take into account whether a particular video is protected under the Doctrine of Fair Use, which exempts use for teaching, news reporting, research etc. In addition to these uses, while deciding whether a work is protected by fair use or not, it is important to take into consideration:

- Nature of the work (protected by copyright);
- The extent of the use – substantial/secondary;

- The impact of such use on the original product's market; and
- The purpose of use – commercial or nonprofit.

In the case in question, the video uploaded was for 29 seconds which clearly implied that there was no substantial use of the music; moreover, the music is not very audible. The video was about a toddler enjoying the music to an extent, that it started dancing – it was good publicity for the song. The attraction of the video was the toddler, the song's use/relevance was secondary in nature. In addition to this, the use was not commercial in nature hence, the appellate court ruled in favor of Stephanie Lenz.

The court in its decision held that copyright owners should not send take down notices without confirming a case of infringement. Owners were duty bound to consider the possibility of fair use in such works beforehand. This decision seeks to regulate the rampant issuing of takedown notices by copyright owners; it upholds the rights of individuals who are forced to remove their creative content on threats of take down notices.

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## Draft Patent Rules, 2015

The Indian Patent laws have been under the scanner of the developed countries for a while. The Indian government has taken it upon itself to improve the Patent regime in the country – particularly the rules pertaining to the Indian Patent Act, 1970. On 26th October, 2015 the Department of Industrial Policy and Promotion (DIPP) released a draft of the Patent Amendment Rules. The government has invited comments on the same within 30 days of it being made available to the public i.e. by 24th November. There had been a lot of anticipation regarding these draft rules, but has it delivered to the expectations? Here, we analyze some of the key proposals made in the draft patent rules:

### **1. Transition towards digital process**

#### **— E-Mail address as an important communication channel**

At the outset, the draft rules are comprehensive and up to date with modern technological developments. The rules propose that applicants/patentees should submit their e-mail address and mobile number along with their postal address to the Controller for any proceedings under the Act. If no such information is furnished then the Controller has no obligation to proceed or deal with the proceeding. Also, if a written communication is sent to an applicant/patentee on his/her e-mail it will be considered as duly served. Furthermore, in relation to leaving and serving documents under Rule 6, the guidelines propose submission of documents by agents **only** by electronic transmission duly authenticated, this will include even the scanned documents (they too have to be transmitted electronically).

### **— Online payments Online payments**

Interestingly, the DIPP has taken into consideration that e-banking is increasingly becoming a common practice and has included it as a means for payment for filing process or any of the procedures. The technical errors in such payment has also been duly addressed i.e. payments made multiple times (due to bad internet connection), in such a situation it has been proposed that additional fee during online filing shall be refunded. However, amount paid in excess of the fees will not be refunded. Currently no refund is made if there have been multiple payments for online filing of request.

### **— Hearings through video conference**

It has been proposed that hearings in relation to a patent application can be held through video conferencing or other communication devices thereby making the procedure more practical and cost effective for Applicants not residing in the country at the time of the hearing.

## **2. Check on Bio-Piracy**

The draft rules propose that if an invention discloses the use of biological material from India then such applicant shall have to furnish a declaration under Form 1 that the necessary permission has been obtained from the competent authority in India. This provision seeks to discourage bio-piracy.

## **3. "Acceptable Patent Application" under PCT**

The draft rules clarify that an 'acceptable patent application under PCT' includes amendments that have been submitted to the Designated Office under Article 20 or any amendment made under sub clause (b) of clause (2) of Article 34, it will also include any amendments made before the international preliminary report is published under the Treaty.

## **4. Amendment to specification/drawing**

It has been proposed that if there has been an amendment to the complete specification or drawings, the applicant will have to submit a copy showing the amendments made in the previous specifications and the previous specification/drawing shall be considered to have been superseded or cancelled.

## **5. Expediting the patent application**

The rules propose the inclusion of a new section which provides the Applicants with the option of expediting their patent application. The grounds for expediting the application could be:

- The Applicant has in its application designated Indian Patent Office as International Searching authority or International Preliminary Authority; or
- The Applicant/licensee has started manufacturing the invention in India; or

— The Applicant or licensee or prospective manufacturer undertakes that the manufacturing of the invention shall commence within 2 years from the grant of patents.

However, these requests are subject to certain conditions which have been specified in the rules.

The rules also propose that the Controller will have to dispose off within two years the patent examination applications that were filed before the draft rules.

## **6. Action against false representations**

The drafters of the rules were conscious of the fact that there might be a misuse of the new proposed rule for expediting patent application and therefore, have included a pre-emptive rule whereby false representation by the applicant or assignee or prospective manufacturer might result in revocation of the patent.

We will keep our readers informed about further updates as and when they become available.

The draft rules is open for suggestions, comments and can be accessed here:

[HTTP://DIPP.NIC.IN/ENGLISH/SCHEMES/INTELLECTUAL\\_PROPERTY\\_RIGHTS/PATENTRULES2015\\_28OCTOBER2015.PDF](http://dipp.nic.in/english/schemes/intellectual_property_rights/patentrules2015_28october2015.pdf)

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## **Use takes precedence over registration**

In a thought provoking, laconic decision (barely 12 pages long), Justice Vikramajit Sen of the Supreme Court (in the case of Neon Laboratories Ltd. v. Medical Technologies Ltd.) has turned the Trademark Law as we know it on its head.

The Plaintiff in this case introduced the drug Propofol to India. Propofol has very limited applications as a drug to relax a patient before and during general anaesthesia. Therefore, it is not a drug which will be commonly sold on prescription to patients, it is in fact a doctor's drug (Anaesthesiologist's aid). The Plaintiff had introduced the product under the brand name PROFOL in 1998. Its endeavour to register the trademark PROFOL failed at the Indian Trademark Registry, on the grounds that it was 'too close' to the generic name of the drug. The Plaintiff continued to use the mark PROFOL as an unregistered trademark.

The Defendant on the other hand applied for and obtained registration of a trademark ROFOL in 1992. Clearly therefore, the adoption of the trademark ROFOL by the Defendant was above reproach, because its adoption was several years before the Plaintiff commenced the use of the mark PROFOL. The Defendant however, did not use its registered trademark until the year 2004. In 2005, the Defendants started using the mark ROFOL for the same drug Propofol, and the Plaintiff filed a suit for passing off against the Defendant and obtained an interim injunction in an Ahmedabad District Court. The Gujarat High Court confirmed the interim injunction and this is how the matter came before the Supreme Court of India.

After 10 years, the Supreme Court took up this matter and pronounced the judgement on 5th October, 2015. The substance of the judgement is that the Supreme Court in its wisdom upheld the injunction order thus ignoring the fact that the Defendant was the registered proprietor of the trademark and had applied for registration almost six years before the commencement of use by the Plaintiff. What appears to have swayed the Honourable Bench of the Supreme Court was the fact that the Defendant had not used the mark for 12 years and only commenced its use in 2004 by which time the Supreme Court presumed (!) that the Plaintiff had acquired reputation in its trademark (Remember this is at the interim stage where the parties would not have led evidence on their use and reputation and countering evidence on the genericity of the Plaintiff's trademark.)

The Supreme Court Bench also presumed that the Defendant started using the mark ROFOL with a view to 'exploit the niche created and built up' by the Plaintiff. The Bench seems to have completely lost sight of the fact that the drug itself was a very niche drug and would be sold only to medical practitioners and not to the common public and therefore there would have been a very limited chance of any deception or confusion. The Supreme Court Bench also appears to have erroneously applied Section 34 of the Trademarks Act in favour of the Plaintiff. Section 34 is meant to protect users of a trademark who commenced use of a mark prior to the date of registration of a registered trademark. Clearly, section 34 is not applicable in this case since the Defendant's mark ROFOL was registered in 1992 and the Plaintiff commenced use of the mark PROFOL only in 1998.

The Honourable Bench found fault with the Defendant for not exercising its prerogative in taking timely action against the Plaintiff and according to the Court this amounted to 'legal lethargy' so much so that the Court interpreted this as an intention of the Defendant to abandon its trademark. Remarkably, the Honourable Bench again erroneously interpreted section 47 to mean that the right granted by registration of a trademark 'is lost if it is not exercised within a reasonable time'. The Honourable Bench appears to have lost complete sight of the fact that the period of 5 years and 3 months applies specifically to the commencement of a revocation action by an interested person against a registered trademark and not any period of 5 years and 3 months generally. Clearly, since the Defendant started using its registered trademark in the year 2004 no action under section 47 of the Trademarks Act would have been available to the Plaintiff and even if a revocation action for non-use would have been filed by the Plaintiff, it would have failed.

Further, strangely, the Honourable Bench found that the Defendant's non action against the Plaintiff tantamounted to 'allowing or acquiescing in the user of the Plaintiff' and that the purpose of the Trademark Act is 'to protect a prior user from a proprietor who is not exercising user (sic) of its trademark'!

An important obiter dicta in the judgement applies to international owners of trademarks. This obiter dicta states that 'a prior user's rights will override the rights of a subsequent user even though the subsequent user has been accorded registration of its trademark'. Still further, the Bench pointed out that the 'trans-national nature' of a trademark will diminish into insignificance and the question before a Court is the attainment of valuable goodwill in the trademark as the world shrinks to a global village.

## ‘ASHIANA’ Trademark: Homewards bound

In theory, imitation might be the best form of flattery but in practice, it can attract some serious consequences. This was the lesson that M/s Total Property Solutions learnt in the recent IP litigation suit filed by Ashiana Housing Ltd. [*Ashiana Housing Ltd. v M/s Total Property Solutions*]

Ashiana Housing Ltd. is engaged in housing and real estate development activities and is the registered proprietor of marks ‘ASHIANA’ and ‘ASHIANA ANMOL’. In October 2014, the plaintiff discovered that the defendant had been infringing upon its aforementioned trademarks. The defendants had gone a step further and plagiarized the contents of artistic views of floor plans, and site plans etc. from the plaintiff’s website and posted it on their website. The plaintiff sent the defendants an e-mail instructing them to immediately Cease and Desist from carrying out such infringing activity; this was followed by a legal notice to the defendants but there was no response whatsoever, from the defendants.

The lack of response from the defendants showed their indifference to the entire matter hence, the plaintiff instituted a suit against the defendants for blatantly infringing their trademarks and copyright. The plaintiff furnished conclusive evidence such as Certificates, Brochures etc. to show its Trademarks and Copyrights in the contested subject matter. The defendants chose to remain absent from the proceedings.

The Delhi High court gave an *ex-parte* judgment. It permanently restrained the defendants from using the plaintiff’s marks and copyrighted contents. In addition to this, interestingly, the Delhi High Courts ordered for punitive damages to the tune of INR 300,000 to be paid to the plaintiff.

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## Eagle maintains flight

An Eagle has a sharp eye for minute details but the same might not hold true for humans. The logo and the word ‘Eagle’ was at the center of recent trademark litigation between two popular brands. In the recent case of *Retail Royalty Company vs Pantaloons Fashion & Retail Limited & Ors* [CS (OS) 2872/2015.] a US based company sued popular Indian retailer *Pantaloons* over trademark infringement of their ‘American Eagle’ logo. The readers are reminded that *Pantaloons* is owned by the Aditya Birla Group which adds to its credibility as a brand/retail outlet.

The plaintiff company was selling its clothing line under the brand AMERICAN EAGLE OUTFITTERS/AMERICAN EAGLE with the logo of an Eagle making a descent. The defendant, on the other hand, was selling a section of clothes under the brand URBAN EAGLE AUTHENTIC OUTFITTERS with the logo of an Eagle making an ascent. The Defendants offered to drop the phrase ‘Authentic Outfitters’ from its clothing line and adopt a new Eagle device which would not be identical/similar to the plaintiff’s original mark. However, this offer was not accepted and the plaintiff claimed that even the use of URBAN EAGLE as a trademark would constitute an infringement under Section 29(1) of the Trademark Act, 1999. The plaintiff stated that the use of the term ‘Eagle’ in relation to clothes would invoke the mark of the plaintiff in the minds of the consumers and the defendant should be prevented

from making use of any mark which bears resemblance to AMERICAN EAGLE. It was further contended that the logo of the eagle would be protectable as an artistic work under Section 13(1) of the Copyright Act, 1957 and copying of the same would amount to copyright infringement.

The Delhi High Court heard the parties and held that should the defendant adopt the mark URBAN EAGLE alone (discarding the 'Authentic Outfitters'), it would not be considered similar/identical to the plaintiff's mark. It was ruled that plaintiff could not claim a monopoly over the use of 'Eagle' as a mark (word, as well as logo) because that would amount to overstepping its statutory right over the mark 'AMERICAN EAGLE'. Further, the Court compared the two logos and held that they were conceptually different from one another –while the plaintiff's eagle was swooping down, the defendant represented the eagle as making an ascent. This was considered as a significant difference between the two logos by the Court. It is important to note that these are just the prima facie observations of the court. The fact that the defendants had not had an adequate time to file a written response to the plaintiff's allegations played a key role in the court adopting a lenient approach in the present case. The court ruled out artistic work in the logo because the image of an American Eagle was not original, it was a commonly used image. The decision cannot be agreed with *in toto*, the court was correct in stating that the plaintiff could not claim a monopoly over the use of the word 'Eagle' but at the same time it cannot be completely agreed that 'URBAN EAGLE' is not infringing upon the plaintiff's mark. The sophistication of the consumer is an important consideration in trademark infringement suits and clothes are purchased by all classes of people. It is quite likely that the consumers might not have a discerning eye for distinguishing between the two marks [swooping eagle vs. ascending eagle] and mistake one for the other. However, this decision is not a final verdict and could be subject to change in the upcoming proceedings after the defendant files a written response to the plaintiff's allegation.

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### A 'Faber'able ruling

Crayons spark creativity in children. But what happens when two crayon selling companies battle it out to prove their creativity? The Bombay High Court was faced with one such situation in *Faber Castell Aktiengesellschaft v Cello Pens Pvt. Ltd.* The plaintiff – Faber Castell alleged that Cello Pens was infringing its design rights, and copyright, and was allegedly passing off its goods as those of Faber-Castell.

Faber Castell argued that their crayons had distinctive features such as:

- Triangular Shape;
- Sharpenable Crayons;
- Erasable Crayons;
- Strong Grip (due to the structure/design);



- Alignment of crayons; and
- Dress (Trade).

They also argued that they sold crayons in a specific container which was aesthetically appealing to children. The crayon sets had been launched in India in 2010 whereas; Cello had begun selling its crayons in 2014. Cello's old packaging was discontinued in May 2015 and the new packaging was alleged to be similar to that of the plaintiff. It was contended that the defendant had copied the same thickness and length as Faber's crayons. The plaintiff's crayons had a dot on each of the flanks of a crayon followed by the plaintiff's logo on the crayon; this feature was also found in the defendant's crayons. The defendants on their part argued that the features claimed to be distinctive by the plaintiff were merely functional and not 'capricious'. Also, it was argued that the distinctive features of the plaintiff's product were in the public domain and it was merely a co-incidence that the products of the two companies resembled each other.

The court on hearing the two sides agreed that *prima facie* it was difficult to distinguish between the products of the two parties. The court disagreed with the defendant's arguments that the dots on the crayon and the logo were merely functional in nature, it was considered to be an artistic work. Further, the court questioned the defendant's intent in maintaining the same physical appearance of their crayon as that of the plaintiff i.e. the length as well as the thickness. The court ruled that parallel lines of dots on each stem of the crayon had no nexus with the 'no slip grip' functionality, it was held to be a non-functional and aesthetic feature of the crayon. The packaging too, was found to be similar enough, to create confusion in the minds of consumers. In the light of these findings, the court held that the plaintiffs had made a successful claim of passing off and an injunction was granted in their favor.

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### All about the title

A title introduces a work, it could be to the point, such as 'Difficult Times' [by Charles Dickens], or an indirect reference to a subject, such as 'Animal Farm' [by George Orwell, on the behavioral aspects of human beings through an analogy of animals in a farm]. A title should reveal enough to attract the attention of readers but at the same time not give away the plot. Therefore, coming up with an apt title requires ingenuity.

It is well understood that copyright protects works like scripts, novels, essays, photographs, music, and cinematograph films. The copyright laws also protect the moral rights of an author. However, is the title of a work subject to copyright protection? A copyright claim over title has been expressly ruled out by the Supreme Court in its recent decision *Krishika Lulla & Ors vs. Shyam Vithalrao Devkatta & Ors*. Copyright claims do not subsist in the titles of a work the reason being, there is a limitation on the creativity that can be acknowledged in such works due to it '*being incomplete in itself and is a reference to the work that follows*' as expressed by the Judge in this case. Does this imply that the authors of such work have no option but, to watch their well thought of title being used by other parties? Thankfully, IP laws provide such authors/owners with the alternative of protection under the ambit of Trademark Laws.

The scope of protection under Trademark laws is broader; it allows protection of marks if they are distinctive in nature or have attained a secondary meaning. There are certain movies and books that have attained cult status in society such as Harry Potter, and *Sholay* and they have been afforded protection under Trademark laws. Class 9 of the NICE Classification allows trademark protection of devices transmitting or reproducing sounds, and images; recording this includes DVD's or any electronic tool intended for viewing. Similarly, Class 41 allows trademark protection for entertainment services; apart from these two classes, owners can choose to protect the title in different classes, for instance, the producers of *Sholay* have protected this mark under various classes for different products varying from perfumes, cosmetics & tobacco products to prevent any attempt to dilute their well-known mark/title. The Indian courts have also upheld such practices as a means to protect the goodwill and secondary meaning associated with the movie.

Successful movie makers nowadays are inclined towards making a movie franchise, which enables the audience to associate a secondary meaning with the title of the movie such as Star Wars series, The Lord of the Rings Trilogy followed by the Hobbit etc. and doing so strengthens their claim over such titles or series. However, there are many movies which may not have a prequel or sequel to it, in such a case they have to establish that their movie has gained popularity, and recognition among the audience, for e.g. *Rang De Basanti*, *Fightclub* etc.

A prevalent practice among the filmmakers is to apply for title registration with Film and Television Producers Guild (applicable for India) but this registration is valid only for a period of two years and if no movie is made within this time then the producer has to forego the title. Therefore, the two-year limitation is very important and has to strictly adhered to. A new alternative which might be useful to movie makers is using the ".film" domain name that has recently been launched by ICANN. It will help them to create awareness about their movie among the target audiences thereby achieving the aim of associating a secondary meaning to the title of the movie, and easing the process of trademark registration. Interestingly, .film domain name can be obtained only by individuals who belong to a film association and there needs to be concrete proof furnished by such party to prove its membership. This prevents miscreants from treading over the rights of moviemakers and will be an additional layer of protection for movie titles.

In light of the above discussion, it can be concluded that even if there is no copyright claim over a title, there is strong protection available in the form of trademark or domain name registration.