



## Newsletter September 2015

### Former IT manager pleads guilty before the US court

In the case of *United States of America vs. Nikhil Nilesh Shah*, on August 31, 2015, a former manager of Smart Online Inc., pleaded guilty before a U.S. Magistrate of the Eastern District of North Carolina. He was accused of sending malicious computer code to the servers of his former employer.

Mr. Shah was an information technology manager at Smart Online Inc., a software company based in Durham in the state of North Carolina, USA. In his plea agreement, Mr. Shah admitted to knowingly transmitting computer code "with the intent to damage" Smart Online Inc. causing damage and deleting much of the company's intellectual property. Mr. Shah pleaded guilty on the following charges:

(a) *Knowingly causing transmission of a program, information, code or command to a protected computer;*

(b) *Causing transmission with the intent to damage such computer;*

(c) *Thereby causing damage without authorization; and*

(d) *These actions causing loss to Smart Online during any 1-year period totaling at least \$5,000 in value, including losses resulting from a related course of conduct affecting 1 or more protected computers.*

Mr. Shah is scheduled to be sentenced on December 8, 2015 and may face the maximum term of imprisonment up to 10 years and fine of maximum amount up to \$250,000.

The case was investigated by the Federal Bureau of Investigation (FBI) and prosecuted by the Computer Crime and Intellectual Property Section of the U.S. Justice Department.

### The Vancouver Case

On August 20th, 2015, the Hon'ble Supreme Court of British Columbia, Canada, in the case of *Vancouver Community College v. Vancouver Career College (Burnaby) Inc.*, 2015 passed an order in favor of Vancouver Career College. The Court rejected the Plaintiff's claim of passing off against the Defendant for their alleged misuse of google ad-words.

The Plaintiff argued that the Defendant was using the ad-words services of various search engines such as Google and Yahoo, to direct users searching for 'VCC' or 'Vancouver Community College' as a keyword to the defendant's websites. It was through this act that the Defendant misrepresented its educational services as those of the Plaintiff. Therefore, the Defendant was guilty of the action of passing off. In response, the Defendant argued that Vancouver Career College is definitely entitled to use the acronym 'VCC' but has not been doing so on a gratuitous basis. However, they stated that there is certainly no benefit for them to associate with Vancouver Community College. Even if they did associate with the Plaintiff, the benefit would be to the Plaintiff itself.

On considering the arguments put forth by both parties, the Court observed that the alleged claim of passing off does not satisfy the test of "first impression". When a Google search is conducted by a user for the specific keywords, the results displayed on the screen do not consist of the ad-words alone, but along with it also consist of other results which would have been generated if the ad-word service had not been subscribed to.

Moreover, in the present case, if the ad-word service is subscribed to, the user is not directly transferred to the page of the subscriber, but the advertised website appears on top separately with the word 'Ad' prefixed to it in a yellow highlight, thus there is always the case where the searcher may ignore it and click on another link if he/she desires. Therefore, the first impression of the searcher will take place only when he himself clicks on the ad-word link and visits the website of the subscriber (Defendant) and at that time the name of the college will be clearly visible to him or her, thus there is no question of confusion as the searcher will be able to clearly identify the name of the University when he/she visits the page and may or may not apply to it depending on his/her choice.

Furthermore, the court observed that the chances of a prospective student enrolling in Vancouver Career College instead of Vancouver Community College are very rare. Since, to enroll in a college a student must complete necessary formalities such as he/she must attend an interview, complete a number of forms, attend a campus tour, fill out a loan application etc., all of which will have the defendant's name printed on them. Therefore, there can be no possible reason for confusion as during the lengthy admission process the student is bound to know details about the college he or she is enrolling into. Thus, on the basis of the above observations of the court the suit was dismissed in favour of the Defendant, along with costs.



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## **Bolar precedent in making: Contract vs. Patent law**

In a latest in pharmaceutical patent news, the Delhi High Court recently entertained an appeal in *Bayer Corporation vs Union of India*, wherein Natco Pharma Ltd. is also one of the respondents. The present appeal in the suit relates to the matter of exporting 1kg of the "Sorafenat" drug to China by Natco who had acquired a compulsory license for the same from the Plaintiff i.e. Bayer Corporation. The Delhi High Court heard the matter on 12 August 2015. Counsels for both parties and the Court itself agreed that the best entity suited to hear the present matter was the 'Drug Controller General of India'. As a result the Court disposed of the appeal after giving standing instruction to both parties.

The appellant in the present case, Bayer Corporation, is a patent holder for the pharmaceutical product "Carboxyaryl Substituted Diphenyl Ureas". In a previous suit Respondent No. 5 i.e. Natco Pharma was granted a compulsory license under the Patents Act, 1970. One of the primary conditions agreed upon by the Appellant and Respondent was that the licensed patented drug would be solely used for the purpose of making, using, offering for sale and selling the drug for the purpose of treating HCC (Hepatocellular carcinoma) and RCC (Renal Cell Carcinoma) in humans within the territory of India.

On 23rd March 2014, the Respondent (Natco Pharma) had preferred an appeal seeking permission to export a small quantity not exceeding 15gms of the "Sofranet" drug which the Court had allowed. Soon thereafter the Respondent approached the Court with another application to export the drug but this time in a larger quantity of 1kg which the Court also permitted however the Appellant opposed this.

The Delhi High Court in the present appeal has given due consideration to the fact that though the option of section 107A of the Patents Act is available to the Respondent to export the drug outside India, at the same time it would violate one of the essential conditions based on which the Court had granted a compulsory license to the Respondent. On submissions from counsels of both parties it was agreed by the Court that the best entity to decide the matter in issue would be the Drug Controller General of India who is the Competent Authority to issue an NOC (no objection certificate) for export of drugs and pharmaceutical products.

The interesting aspect of this case is that while initially the Respondent (Natco Pharma) had agreed to the essential condition of not exporting the "Sofranet" drug outside India, the Respondent is now attempting to violate the terms of the compulsory license by availing an option provided under section 107A of the Patents Act. It will be interesting to observe how this dilemma ends, as ultimately one of the laws, whether it is the Contracts Act or the Patents Act, is likely to take a fall.

## **Poeme trademark fails to represent**

On the 24th August 2015, the Delhi District Court heard the matter of *M/s Lancome Parfums Et Beaute & Cie vs M/s Astron Laboratories Ltd.*, relating to trademark infringement. The Delhi District Court dismissed the suit as the Plaintiff had failed to establish *prima facie* trademark infringement in the present suit.

The Plaintiff, Lancome Parfums, is a French company engaged in the business of manufacture, distribution of cosmetics and perfumeries and is the proprietor of the mark "POEME". The cause of action arose in February 2007, when the Plaintiff learnt that the Defendant i.e. Astron Laboratories was selling cosmetics under the POEME mark. It was further learnt that the Defendant had acquired registration for its mark as well. The Plaintiff filed for rectification of this mark.

During the initial phase of the suit, the authorized representative of the Plaintiff Company 'Sheel Kumar Bansal' was partly examined by the Court; however Bansal was never brought before the Court again to complete the examination, since he had left the Plaintiff organization. The Plaintiff soon thereafter applied to the Court for the appointment of one Ms. Surbhi Bansal as the new authorized representative of the Plaintiff Company which the Court allowed.

While examining the facts presented before the Delhi District Court, it was observed that at the time of appointment as the Plaintiff's representative Ms. Bansal was 22 years of age and the cause of action of the suit having arisen in February of 2007 meant that the Plaintiff's representative was a minor at the time and certainly not on the pay roll of the Plaintiff. The Court further took cognizance of the fact that the newly appointed Plaintiff Company representative had merely reproduced the incomplete contentions of the former Plaintiff representative (Sheel Kumar Bansal). The Court stated that relying on the oral evidence elicited from the newly appointed Plaintiff Company representative amounts to hearsay and therefore is inadmissible.

During the entire trial proceeding, the Plaintiff failed to produce necessary documentary proof and circumstantial evidence to prove the alleged infringement, as a result of which the Delhi District Court dismissed the suit.



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## **AUDI suffers setback over its ambitious brand 'T.T.'** Established in 1942

Justice Najmi Waziri of the Delhi High Court recently passed an order of interim injunction in favor of Dr. Rikhab Chand Jain, Founder and Chairman of the T.T. Group, thereby restraining Audi AG from using its brand 'TT'.

T.T. Ltd., a flagship company of the T.T. Group, started as a manufacturer of clothing products, mainly undergarments, under its trademark 'T.T.' The business activities of the Plaintiff's company expanded to agro-products, edible foods, confectionaries, sweets, wind mills, hand tools, small machinery, cosmetics, medical and surgical appliances, band aids, electronic and electrical apparatus, agricultural implements, bags, building materials etc. The Plaintiff has 87 trademark registrations of 'T.T.' under various classes of goods and services. The Plaintiff has been using the trademark since 1968 and the same was registered in the year 1970.

Audi AG, popularly known as 'Audi', is a famous German car maker and renowned for its luxury vehicles as well as sports cars. It was stated by the Plaintiff that, in the month of May 2015, they came to know that the Defendants were using the trademark 'T.T.' to promote various products *inter alia* leather and leather imitation goods made of animal skins, hides, trunks and travelling bags, umbrellas, model cars.

Upon hearing the Plaintiff, the Court was of the opinion that the Plaintiff had successfully established a *prima facie* case against the Defendant for violating and infringing their trademark rights in the mark 'T.T.'. Furthermore, the Court acknowledged the need placed by the Plaintiff for an *ex parte* ad-interim injunction in the matter. Hence, the order of ad-interim injunction was passed against the Defendants.

However, the Defendant appeared before the Court with an application for modification of the order of ad-interim injunction. The main contention of the Defendant was that, there should not be any restraint on using the registered trademark 'TTRS' which is 'registered exclusively' in respect of selling/producing motor vehicles. Relying upon the documents produced by the Defendant, the Court observed that, in this case, the balance of convenience lies in favor of using the trademark 'TTRS' by the Defendant in respect of motor vehicles. Hence, on August 28, 2015, Delhi High Court modified the order dated July 21, 2015 "to the extent that the applicant/defendant is not restrained for using the trademark 'TTRS' for selling/producing its motor vehicles."

## **Louis Vuitton bags the infringer**

On 20th August 2015, the Delhi High Court in India decided the case of *Louis Vuitton Malletier vs Mr. Manoj Khurana & Ors* in the matter of trademark infringement and selling of counterfeit products. The Delhi High Court recognized the fact that the Plaintiff i.e. Louis Vuitton Malletier, was the owner of the mark in dispute in the present suit. Furthermore the court also recognized the trademark was a well-known mark. The Delhi High Court passed a decree of permanent injunction in the suit along with costs to the tune of INR 50,000/-.

It was observed that the trademark 'Louis Vuitton' was derived from the name of its founder Mr. Louis Vuitton in 1854 when the first Louis Vuitton store was opened for business. The Court also noted that the Plaintiff's marks were registered in India.

The cause of action for the present case first arose back in April 2013 when the Plaintiff was made aware of the Defendants' activities of selling counterfeit goods with the Plaintiff's logo and designs on them thereby causing infringement of the Plaintiff's trademark rights, following which the present suit was filed. By conducting its own investigation, the Plaintiff was able to acquire the appointment of a local commissioner in the suit. The Defendant raised a plea before the Court that they were selling counterfeit goods under the 'wrong belief' that the goods were actually those of the Plaintiff and that they were selling genuine products. The Delhi High Court however did not accept the plea of the Defendant and passed the permanent restraining order thereby affirming that mistaken belief will not be considered as a viable defense for the act of infringement of goods.

## **Serial website squatter squashed**

In the case of *Groupon Inc. vs Mohan Rao & Anr*, the Delhi High Court in the matter for trademark infringement and passing-off of the mark Groupon, granted a permanent injunction in favor of the Plaintiff.

The Delhi High Court observed that the Plaintiff had been using the mark Groupon since 2002, offering daily discounts on products and services to its customers. The cause of action first arose in September 2010, when the Plaintiff became aware of the Defendant's website [www.groupon.in](http://www.groupon.in) similar to its own domain name conducting similar trading activities to that of the Plaintiff providing online discounts on products and services. Subsequently it was brought to the Court's attention that the Defendant also operated another website under the domain name [www.grouppoff.com](http://www.grouppoff.com), however the same was no longer in operation currently. It was submitted before the Court by the Plaintiff that the Defendant had attempted to sell its domain name to the Plaintiff with an offer of USD 5 million, thus establishing that the Defendant was well aware of the Plaintiff's brand name and trans-border reputation.

The Plaintiff established before the Court by way of evidence that the Defendant was pirating and squatting on different websites by registering and selling domain names which were deceptively similar to those of various well-reputed organizations.



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The Delhi High Court took due cognizance of the fact that Defendant had a registered mark under the brand name GROUPON which was applied for in September 2009 and was registered in March 2011. However the Delhi High Court laid emphasis on the case of the Supreme Court's decision in **N.R. Dongre vs. Whirlpool Corp. 1996 PTC (16) 476** in which it was held that "*Priority in date of registration of a trademark is immaterial once the suit is a suit for passing off and in which suit it is the right of the earlier user of the trademark which will be preserved even though the Defendants may have got the registration of an identical or nearly similar trademark*".

## **The SHOLAY-AAG controversy**

Recently the Hon'ble Delhi High Court granted a sum of INR 1,000,000/- as punitive damages against the Defendants *ex-parte* in the case of *Sholay Media and Entertainment Pvt. Ltd & Another vs. M/s RGV Productions Pvt. Ltd. & Others*.

The Plaintiff was the copyright owner in respect of the film "SHOLAY" which is considered to be an iconic film in Indian cinema. It was argued by the Plaintiff that the Defendant was not only guilty of Copyright infringement but was also guilty of passing off, as the names of characters, the music, lyrics and dialogues were all based on the original work of the plaintiff. Despite a statement made in Court undertaking to change the name of their movie, the Defendants' movie had a similar name, moreover the names of characters, lyrics and dialogues were also similar to that of the Plaintiffs film 'Sholay'.

The Court held the Defendants were guilty of copyright infringement. It was observed by the Court that the Defendants were well aware of the fact that the Plaintiff was the rightful owner of the copyright and that any unauthorized reproduction of the same would lead to copyright infringement. Moreover, not only did the Defendants infringe the copyright of the Plaintiff but also "distorted and mutilated the original copyright work of the plaintiff" thereby infringing the moral rights of the plaintiff.