



## **Newsletter July 2016**

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### **3D Printing and threat to Patent and Design system**

The invention of 3D Printers is amongst the big achievements of our generations. It represents human ability to recreate original objects through a simple machine rather than undergoing the ordeal of the process of manufacturing.

3D Printing Technology simply requires a Computer Aided Design (CAD) file of the product which has to be replicated or printed. 3D printing enables a person to recreate even the spare parts of a machine; while this technology is beneficial, it has its own setbacks. A lot of patents for 3D printers have expired or will soon expire thereby increasing its accessibility to the public at large. A major cause of concern regarding this technology is the possibility of increase in patents and designs infringement case because of its use. Patent protection grants the patentee an exclusive right to prevent anyone else from making a similar product however, with the advent of 3D printers it might become difficult to regulate the infringing activities. Furthermore, the shape of certain products itself is protected under Designs Act and a creation of the same via a 3D printer will result in direct infringement. Enforcement of IP rights is difficult in case of infringement through 3D printers and this might make the patent system obsolete, considering the ease of copying and the difficulty in tracing the infringers since much of the infringement can be done in the garb of personal use at one's own house.

Since this area is still new, there are no specific guidelines available on the means to prevent such infringing activities however, with new technology, one has observed that new laws come into force for regulating the misuse of such technology. It is important to recollect that when audio cassettes had become the rampant means for copyright infringement (since they were for personal use and not within the ambit of infringement) the German government had imposed 'private copy levy' tax on purchase of recorders and blank audio cassettes and this taxed amount was allocated to the record companies. Therefore, taxing the purchase of 3D Printers itself could be one of the methods to limit its purchase and thereby incentivize patentees. This area is slightly ambiguous and it remains to be seen if there is any plausible solution to this threat posed by 3D printers to patent and design rights.



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### McDonalds' loving it

McDonald has a very active IP enforcement team which is vigilant towards any actual/potential infringement of its well-known marks such as 'Mc' or 'Mac'. These two marks have been the subject matter of various litigations across the globe and most recently in Australia and EU and in both the jurisdictions McDonald's emerged victorious.

In the case of *McDonald's Corporation v Mark Vincent Glaser* an application had been filed with the Australian Trade Mark office for the registration of the word 'McKosher' this application was opposed by McDonald's since, it included the mark 'Mc'. Further, the mark was being used in relation to foods and beverages along with other goods description such as "*algae prepared for human foods*" etc., though it was argued by the Applicant of the mark that the mark 'McKosher' was representative of his Scottish-Jewish legacy and that the mark was to be used only in the territory of MacLean where the prefix 'Mc' and 'Mac' is commonly used by several local businessmen. McDonald's argued that the use of the prefix 'Mc' would create a likelihood of confusion in the minds of consumers. It was also argued that several rabbinical leaders in Israel were pushing for McDonald's to rebrand its Kosher friendly restaurants as 'McKosher'. On the basis of these arguments made by McDonald's the Hearing Officer rejected the application for the registration of the mark 'McKosher'. The only issue that arises out of this decision is that while 'McKosher' may not be used for foods and beverages since it is in conflict with McDonald's trading style; it is unfair if the mark may be restrained from being used for any other goods as well.

Similarly, a Singapore based Company was attempting to obtain a Community Trade Mark Registration for the mark 'MACCOFFEE'; this application too was successfully opposed by McDonald's. The General Court ruled that McDonald's reputation was such that it could be allowed to prevent other proprietors from using the prefixes 'Mc' or 'Mac' for foods and beverages. The rationale behind the General Court and Australian Trade Mark Office's decisions is that no proprietor should be allowed to benefit from the reputation and hard work of another proprietor. While it is true that for a well-known marks the reputation of the mark transcends the requisites of showing the similarity of goods and services it is still important that in the quest for protecting well known marks no bona-fide user should suffer.

### Losing Balance

When in Rome do as the Romans do, this saying rings particularly true for ensuring IP Protection in new and unfamiliar jurisdictions. Though 162 countries have signed TRIPs Agreement, that in itself does not imply that the national laws of all the member countries are similar, there remains room for differences. An understanding of these differences and strategizing IP Protection in each country can prevent future loss and vexatious litigation.

New Balance is a reputed manufacturer of athletic shoes and apparels since 1906. It sought to enter the Chinese market and accordingly used its mark 'New Balance' and its Chinese transliteration for advertising and selling its products. In the year 2004 a certain Mr Zhou Lelun filed for registration of the mark 'Xin Bau Lin' which is the Chinese



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translation of New Balance. This trade mark application was opposed by New Balance but without any success and in 2008 Mr. Zhou obtained registration for the same. In the year 2011 he filed a suit for trademark infringement against New Balance and claimed damages on account of such infringement. In 2015, the Guangzhou Municipal Intermediate People's Court decided in favor of Zhou and ordered that damages worth RMB 99.8 million be paid by New Balance to Zhou. This decision was appealed before the Guangdong Higher People's Court, here again the case was decided against New Balance but the compensation to be paid was reduced to RMB 5 million. The Court ruled that there was bad faith element in New Balance's use of the mark since it was already aware of Zhou's rights over the mark 'Xin Bao Lin' also, the infringement was committed by New Balance on a large scale by using the mark in its various outlets, online retail websites etc. It is necessary to note that unlike the U.S.A or India where prior user's rights are protected; in China the first to file the mark for registration has a better claim. This is not the first case where a big Western brand has suffered a setback due to a pro-Chinese IP regime in China; previously, iPhone also lost its trademark claim to a Chinese leather goods seller using the mark 'iPhone' for class 18 goods (wallets, leather goods). In iPhone's case the Chinese Court did not accept the claim that the mark was well known in 2007 i.e. at the time when the Chinese brand owner registered the mark for its goods.

In the light of these decisions in China, an important lesson to be learnt is that as soon as an entity/individual creates a trade mark it must be applied for registration with the Chinese Trademark Office (CTO) along with a Chinese transliteration of the mark to prevent any future litigation.

### Flying High

Trade Mark law cases heavily rely on the principle of likelihood of confusion between two marks for deciding whether there is a substantial case of trade mark infringement or passing off. It is for this purpose that it is necessary that the arguments and evidence put forth, before the judge(s), clearly bring out the deceiving nature of the impugned mark.



Qantas' Trade Mark



Edwards' representation on its T-shirts



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Images from [HERE](#)

Qantas' trade mark was registered in class 35 which included the services of advertising, merchandising and marketing whereas, Edwards' mark covered goods under class 25 which covers clothing, footwear and headgear. Justice Yates, who was entrusted with deciding this case was of the opinion that it would be incorrect to assume in itself that goods under class 25 are always related to class 35 services. He further ruled that whether or not the goods and services of the marks in question are related has to be considered based on the facts of the case and not the similarity of the marks. Justice Yates further opined that the trade marks in question too were not similar, he was of the opinion that the triangle in which the Kangaroo was shown was an important part of Qantas' trade mark and the absence of the same in Edwards' t-shirt was a major difference; furthermore the t-shirt showed only a half Kangaroo therefore, it was ruled that there was no likelihood of confusion. While the judge agreed that Qantas' mark had acquired a reputation, he ruled that the same did not extend to the mark without the triangular element. Finally it was held that Edwards' mark did not spark any association with that of Qantas' logo therefore, no infringement.

On a comparison of the two marks it is apparent that there exists some similarity between the two marks. This decision appears to contradict the principle of blurring of trade marks i.e. well-known marks are allowed to claim blurring of their mark if an unauthorized party uses a deceptively similar mark for even unrelated goods. In the present case the marks are deceptively similar and the goods and services can be considered in cognate classes therefore, the final verdict appears to be flawed in its reasoning and assessment.

### Prior Use Triumphs All

One of the major flaws of the Indian judiciary is the amount of time consumed till the final verdict in a case is given. There exist several cases that have continued for decades resulting in economic strain and delay in delivering justice. One such case is the case of *Toyota v Deepak Mangal & Ors* decided by the Delhi High Court earlier this month. This case was prolonged for seven years.

The case involved a trade mark dispute over the mark 'Prius' which was being used by Toyota for its first hybrid car, since 1995; however an Indian proprietor (Defendant) had obtained trade mark registration in India for the mark 'Prius' before Toyota. The Defendant was also engaged in the activity of selling indigenously manufactured spare parts under the marks 'Toyota', 'Innova' and 'Qualis' along with Toyota's logo.

Justice Manmohan Singh, while deciding the case reiterated that irrespective of the trade mark registration, it was a vital fact to take into consideration factors like 'prior use' and 'trans-border reputation'. Toyota had been using the mark 'Prius' globally since 1995 therefore, its reputation was given a weightage to the Defendant's registration in 2002 even though, the car 'Prius' was launched by Toyota in India in 2010. The court examined the statement of accounts of the Defendants and found that it had made sales up to INR 20 crore, it was on this premise that the Court



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ordered the Defendant to pay up damages of INR 10 lakhs to Toyota and cease the use of the mark 'Prius' as its trading style within a span of 2 months.

This decision though delayed, was nuanced. The decision reiterates the Indian stance of respecting 'trans border' reputation of foreign marks and the common law principle of giving importance to prior International use over Indian registration of a mark.

### Jurisdictional Issues

Copyrights are territorial rights; however the Indian Copyright Act, 1957 includes a special provision under Section 62 whereby the Plaintiff has been granted the right to institute a suit in the jurisdiction where it resides/carries on its business/ works for gain. The question of jurisdiction can become slightly tricky if the Defendant is an entity having its place of business abroad but only its subsidiary offices in India.

In the case of *Blueberry Books & Ors vs Google India Pvt. Ltd.* the Plaintiff (Blueberry) filed a copyright infringement suit impleading Google India RMPL India (hereinafter Respondents 2) and Amazon India (Respondent 3) as parties to the suit. It was claimed by the Plaintiff that Respondent 1 had plagiarized stories from its book *Moral Stories 1, 2 and 3* and made the same available in the form of an application that could be accessible on various operating systems such as Android, Windows, iOS etc. It was further claimed that Respondent 1 had even translated the Plaintiff's works into different languages. Respondents 2 stated that they had been wrongfully made a party to the suit since they were merely Indian offices of the foreign companies with no control over the content that was being made available in India; on the other hand respondent 3 stated that while infringing copies of the work was available on amazon.com no such copy could be downloaded in India and since no infringement had occurred in India, it could not make a party to the present suit since IP rights are strictly territorial in nature. The single judge at the Delhi High Court ruled that it was incorrect to implead Respondents 2 as parties to the suit since they had no say over the content uploaded and Respondent 3 had shown that no infringement of the work had taken place in India. The Plaintiff appealed to the Division Bench. The Bench reversed the decision on the grounds that Section 20 of the Civil Procedure Code, 1908 clearly states that a suit may be filed at the place of residence or business of the Respondent or at the place where the cause of action may arise, all these requirements are disjunctive i.e. if any one of them is satisfied, the suit may be filed in India. It was an accepted fact by Respondent 3 that it was carrying out its business activities in India therefore, even if the infringement wasn't taking place in India, the Plaintiff could still file a suit in India. For Respondent 2, the Court held that *prima facie* Google India and RMPL were shown as the India offices of the parent Company in USA, an analysis of the level of control that the two had over the contents would be a subject matter at the time of argument on merits and not at the interlocutory stage.

Though, this is an interim order the interpretation of the Court regarding S. 20 of Civil Procedure Code, 1908 is interesting. The consequence of this ruling could be far reaching in the sense that even if the infringement is taking place in another country if the Plaintiff resides in India it still has the right to sue and claim damages.