

INDIAN LEGAL IMPETUS[®]

Special INTA Edition 2019





Manoj K. Singh
Founding Partner

Dear Friends,

It is with immense pleasure, that we are presenting our monthly newsletter Indian Legal Impetus INTA Edition 2019 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 for 6 years in a row and attendees for more than 11 years now, are till date overwhelmed with new friends and professional relationships that we make from exciting INTA meetings. This year we have reserved booth Nos. 813, 815 at BCEC, Boston from 18th to 22nd May 2019. If you happen to be at INTA Annual Meeting at Boston, please make sure to visit our 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 about Brand valuation as “Everything Has a Price Tag: An Insight into the World of Brand Valuation”. We also present an interesting read with respect to “Embedding of tweets amounts to infringement of copyright” - Case study on the judgment in Justin Goldman V Breitbart News Network & Ors., Heavy, Inc. Next article gives detailed analysis on “Law on Notarization of Foreign Documents in India: A Trademark Law Perspective”. Further, an article is directed towards Patent Troll - Patent against Innovation” with Indian perspective.

An article on the patentability of Stem Cell Technology has also been included in this edition. Just like policy framework variations in different jurisdictions, patentability considerations in technologies, especially on relatively newer fields of science like ‘stem cell technology’, is varied in different countries. Good number of patent applications are made every year which brings in optimistic competition among the companies, patent owners and researchers in the field.

Role of IPR in Sports: In this edition, we have discussed the immense scope of Intellectual Property Rights in sports and business of sports. Other articles in this edition relate to Software Protection under Copyright Law; The ‘Taste’ Of Copyright: Delving into the realm of copyrights in the Culinary World and The Menace of Trademark Trolls. While the term “patent troll” has entered common parlance in recent years, “trademark troll” is less commonly used. However, trademark trolls do exist and can present brand owners with big challenges to create or acquire new brands. In the trademark world, a troll is generally understood as one who attempts to register a mark and then demands payment and threatens litigation against unsuspecting companies that have adopted the same or similar marks.

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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EVERYTHING HAS A PRICE TAG: AN INSIGHT INTO THE WORLD OF BRAND VALUATION

INTRODUCTION

Brand Finance¹, one of the leading brand valuation companies, has helped setting an internationally recognized standard for brand valuation- ISO 10668. It lays down the definition of 'Brand'- "*a marketing related intangible asset including but not limited to names, symbols, logos and designs or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value.*"²

In layman's language, brand valuation is the process of calculating the value of a brand or the amount of money another party is willing to pay for it or the financial value of the brand. Before evaluating any brand, two questions must be considered, namely, what is being valued, the trademarks, the brand or the branded business and secondly, what is the purpose of this valuation.

TRADEMARK PLAYS AN IMPORTANT ROLE IN BRAND VALUATION

A trademark in its essence acts as one of the identifiers of the brand and does not reflect the entirety of the brand itself. A layperson may find it hard to distinguish between the two terms i.e. a trademark and a brand, particularly when the trademark represents the entire business like in the case of Google; but the amalgamation of the two terms is generally not advisable. For example- a business with a good reputation in the marketplace may enjoy an advantage over its competitor(s), even if it employs no trademark.³

REGISTERED TRADEMARK HAS VALUE

A registered trademark is an intangible asset for any business. A registered trademark can be pledged, sold,

1 Brand Finance, See <http://brandfinance.com/> (last assessed on May 24th 2018).

2 Brand Finance, "The annual report on the world's most valuable media brands", February 2017.

3 John E. Elmore, "The Valuation of Trademark- Related Intangible Property", See www.willamette.com.

franchised or can earn royalty income. Hence, in the case of a business spending money and effort on brand development, it is important to apply for trademark registration at the earliest and obtain a trademark registration certificate.

STRONG BRAND

One may ask- what is the purpose for having a strong brand? The answer is simple at least in the case of commercial brands- to earn money/profits. Surely, strong brand attracts more customers, builds loyalty and also motivates the staff, but at the end of the day this all helps in generating more revenues and profits, and that is the ultimate goal.

There are various methods for calculating the value of the brand, but this paper shall focus on the one- "Royalty-Relief Approach."

ROYALTY-RELIEF APPROACH

Leading brand valuation companies calculate the valuation of a brand by finding the present value of the estimated future cash flows attributable to a brand based on what the company without a trademark would have to pay to license it through a third party broker.

BRAND STRENGTH

"Brand strength is the efficacy of brand's performance on intangible measures, relative to its competitors."⁴ Each brand is allotted a Brand Strength Index (BSI), which is a score out of 100, this later helps in the brand valuation calculation. On the basis of this score, each brand is allotted a rating up to AAA+. The format for calculating brand strength rating is similar to the credit rating format. Three brand strength measures are indicative of brand's future successes, namely, a) marketing investment, b) stakeholder equity and c) business performance.

I. GOOGLE IT

4 Brand Finance, "The annual report on the world's most valuable media brands", February 2018.

It is important not to underestimate your Brand's Value. The example of Google sums up this analogy. There was a lot of apprehension during the initial public offering stage that the term "Google" might become synonymous with "search", which would have in turn resulted in loss of trademark protection.⁵ According to a recent study done in the year 2018, Google as a Brand is worth \$120.9 billion, which is a stark increase of 10% since last year⁶.

II. FAIRYTALES, THEY DO COME TRUE: THE CASE OF DISNEY

The entertainment giant, Disney takes the lead spot as one of the largest media brands in the world.⁷ Disney currently has a brand value of \$32.6 Billion, which is a 5% decrease since 2017. Disney maintains its brand's appeal with an AAA+ brand rating by focusing on brand loyalty, investments in new technologies and expansion of its valued partnerships and divisions. The company operates in five segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive Media. With a brand strength index (BSI) score of 92.3, up from 91.3 last year; Disney is the one of the strongest brands and one of the most interesting to watch in the coming years.

DISNEY'S EXPANSION PLAN

Disney purchased a majority stake in 21st Century Fox, thus expanding its brand to consumers worldwide. Acquiring companies like: Star India – which reaches hundreds of millions of viewers on the subcontinent, and Sky – with presence across the UK, Ireland, Germany, Austria, and Italy, as well as a 60% stake in Hulu – arguably one of Netflix's biggest competitors, Disney can now leverage its greater international exposure to establish its brand as much more than just a children's favorite.

DISNEY'S RECENT TRADEMARKS

Gazing at the trademarks that Disney has recently got registered, we see just how vast the company's

⁵ P.T. Shrivani, "Trademark valuation: The vital importance of knowing what your mark is worth", YourStory.com, See <https://yourstory.com/mystory/4320d8211f-trademark-valuation-the-vital-importance-of-knowing-what-your-mark-is-worth> (last assessed on May 19th 2018).

⁶ Jessica Tyler, "The 10 Most Valuable Brands in 2018", inc.com, See <https://www.inc.com/business-insider/amazon-google-most-valuable-brands-brand-finance-2018.html> (last assessed on May 19th 2018).

⁷ *Supra* Note 4.

trademark holdings in the entertainment industry really are.

- U.S. Trademark No. 862075578; Trademark: "Flavors of Africa"
- This recently registered character mark reflects a decision to increase the food items made available through the Boma Flavors of Africa marketplace, situated in Walt Disney World's Animal Kingdom. This trademark was registered specifically in relation to coffee products.
- U.S. Trademark No. 86337829
- This design mark consists of an illustration drawing, featuring a tilted Mickey Mouse head outline with a large checkmark sign running through it. The trademark was developed for use on a website featuring and providing information on health and nutrition.
- U.S. Trademark No. 86121929; Trademark: "Radio Disney"
- Disney's operations over the radio airwaves can be more effectively licensed to broadcasters, owing to the registration of this trademark.
- U.S. Trademark No. 86261266; Trademark: "ScoreCenter"
- This trademark is used in relation to electronic scoreboard service for athletic events which is distributed to computers and wireless devices by means of a global computer network. ESPN, being the subsidiary of Disney, is the owner of this trademark.

I. MOST VALUABLE INDIAN BRANDS

It is mostly the US brands that are leading the charts for the most valuable brands in the world; but Indian brands are making sure they are rising to the competition. With a billion-strong population, India caters to one of the largest consumer group; and Disney's acquisition of Star India is a sign that Indian brands are a force to be reckoned with.

FASTEST GROWING IT BRAND IN THE WORLD⁸

Tata Consultancy Services (TCS) with a brand value of \$10.391 Billion, a 14.4% growth since 2017, has become the world's fastest growing IT brand in the world and puts TCS at top three most valuable brands in the global IT services sector along with IBM and Accenture.

CONCLUSION

In a world that is obsessed with innovation, technology and rights, brand valuation plays a major role in the growth of businesses. Trademarks form the essence of brand-building, while contributing to the goodwill/reputation of the business/ company; it also contributes immensely in terms of profits/revenues. Companies are expanding their businesses by leveraging their reputation in other market sectors. Disney has proved to be a living example of a company that has leveraged its reputation in numerous sectors, and becoming one of the largest media brands with a brand value of \$32.6 Billion in the year 2018. With technological advancements in place, Internet has also played a vital role in the growth of brands. The founder of "Amazon", Jeff Bezos, had once said that the brands are more important online than they are in the physical world; and the success story of Amazon speaks for itself. The e-commerce giant, Amazon, has become the world's largest internet business and is currently the world's most valuable brand ahead of Apple and Google with a brand value of a whopping US\$150.8 billion, with a year on year increase of 42%.⁹ Also, Amazon has moved beyond digital space, by leveraging its brand reputation to other sectors, which is evident through the takeover of Whole Foods for US\$13.7 Billion¹⁰. Brand, hence plays a major role in expansion and revenue generation.

⁸ Brand Finance, "TCS ranked as the fastest growing IT services brand in 2018", Tata Consultancy Services Ltd., See <https://www.tcs.com/tcs-fastest-growing-it-services-brand-finance-2018>.

⁹ Brand Finance, "The annual report on the world's most valuable brands", February 2018.

¹⁰ Id.

EMBEDDING OF TWEETS AMOUNTS TO INFRINGEMENT OF COPYRIGHT - CASE STUDY - JUSTIN GOLDMAN V BREITBART NEWS NETWORK & ORS., HEAVY, INC.

FACTS OF THE CASE

On July 2, 2016 the plaintiff Justin Goldman clicked a photograph of football quarterback for the New England Patriots Tom Brady with Boston Celtics manager Danny Ainge and others in East Hampton and posted it on his snapchat story speculating that Brady was helping recruit basketball star Kevin Durant to the Celtics. The photo went viral and was shared on Twitter and other social media platforms by various twitter users including famous television anchor Cassidy Hubbarth among others finally finding its way to the defendant's website through the act of 'embedding (displaying images of)' the Tweet into articles which these defendants' news outlets and blogs published.

Each of defendants' websites prominently featured the photo by "embedding (displaying images of)" the Tweet into articles they wrote over the course of the next 2 days speculating whether the Boston Celtics would successfully recruit basketball player Kevin Durant, and if Tom Brady would help to seal the deal. Thus, the case involves the question of how the images shown on one website but stored on another website's server leads to infringement of the owner's exclusive copyright to such image.

As a result of the embedding function, none of the websites downloaded, copied or stored the photograph on their own servers; instead, the function directed the internet browsers of users who accessed the defendants' sites to retrieve images of the embedded tweets from Twitter and place the images alongside the text of the articles.

Plaintiff sued the news outlets for copyright infringement, and the defendants moved for partial summary judgment on the issue of whether their display of the embedded tweets on their websites violated plaintiff's exclusive right to publicly display his photograph under Section 106(5) of the US Copyright Act, 1976.

ISSUES DISCUSSED

1. Whether the act of embedding by the defendants an infringement of the right to display of the plaintiff.
2. Whether the images shown on one website but stored on another website's server leads to infringement of the owner's exclusive copyright to such image.

ARGUMENTS OF THE PARTIES

The defendants relied on the Ninth Circuit's "Server Test," articulated in the 2007 decision in *Perfect 10, Inc. v. Amazon¹* and argued that the same shielded them from liability because they did not host the photograph on their server; infact it was hosted on Twitter's servers. In *Perfect 10*, the Ninth Circuit held that whether a website publisher is directly liable for infringement turns entirely upon whether the image is hosted on the publisher's own server. In doing so, the circuit court held that Google was liable for infringement in connection with the display of thumbnail images as part of its Google Image Search, because it hosted those images on its server, but was not liable for the full-size images accessed by clicking on the thumbnails, which were hosted on third-party servers.

The Plaintiff countered that *Perfect 10's* Server Test is inconsistent with the purposes of the Copyright Act and does not in any event apply to cases like his. He also argued that the test's application could have a "devastating" impact on photography and visual artwork licensing industries by eliminating incentives for websites to pay licensing fees.

JUDGMENT

The Court granted partial summary judgment to the plaintiff. The ratio laid down in the case is that physical possession of an image is not a necessary element to its display for purposes of the Act and embedding such images through host server websites without a license

¹ 508 F.3d 1146 (9th Cir. 2007)

is infringement under the Copyright Act, 1976. The Court went on to discuss the judgment in *Perfect 10, Inc., vs. Amazon.com* to deny the applicability of server's test to the present case. According to the server's test, the Perfect 10 judgment held that full size images stored on third party servers displayed on Google search and accessible through in-linking, like embedding were not copyright infringements.

The Court however considered the line of judgments quite scattered as the lower Court in *Flava Works Inc., v Gunter*² held that website's servers need not actually store a copy of the work in order to 'display' it. While most other judgments did not apply server's test to arrive at a decision, it was in the case of *The Leader's Institute, LLC v Jackson*³ where the Court rejected the Perfect 10 judgment by rejecting the criteria of actual possession of a copy as a necessary condition to violating a copyright owner's exclusive right to display.

Factual distinctions from Perfect 10 judgment relied upon by the plaintiff includes the fact that in the present set of facts the user took no action to 'display the image' and hence the assistance provided by the search engines such as Google whereby the user navigates from webpage to webpage is not the same as opening up a favorite blog or website to find a full color image awaiting the user, whether he or she asked for it, looked for it, clicked on it, or not. Moreover, search engines merely indexed the web facilitating the users to readily find information wherein the users are engaged in direct connection with third party websites which are themselves responsible for transferring the content.

ANALYSIS OF THE JUDGMENT

The judgment was debunked and criticized on several grounds. The major arguments were raised by public interest groups such as Electronic Frontier Foundation and Public Knowledge, who even filed an amicus brief before the Court urging the application of the Server Test so as to allow the in-linking where the servers of the website do not physically possess the images (or the copyright content) but merely provide a link to the host website. The Copyright Act, 1976 refers to the infringement of 'right to display' where the party 'shows a copy of it' wherein the copy includes a 'material object which is fixed and from which the work can be perceived, reproduced, or otherwise communicated,

either directly or through a machine. Thus, it was rightly held in the *Perfect 10 Inc., v Amazon, Inc.*⁴, where the Court opined the Server's Test to mean that as long as Google is not storing a copy of the image and merely directing the user's browser to the host website of the publisher which stores the image it is not infringement of copyright. Though Judge Forrest claims that the case laws with respect to the applicability of the said doctrine is scattered, yet a number of judgments such as in the cases of *Flava Works, Inc v. Marques Rondale Gunter*⁵, etc., the Perfect 10 judgment has been accepted by the Courts. Further, the reliance on the *Aereo judgment*⁶ can be questioned on the ground that the Court referred to scenarios physical transmission of signal of work is done in the presence of a copy of work to mean performance of the right. This is the exact role played by the server and hence it favors the defendants in the case rather than the plaintiff. Moreover, the technical distinction of the user ultimately 'choosing' the program consequent to which the transmission took place was held to be immaterial in the *Aero Decision*, whereas the Goldman case was based on the technical distinction as to the storage of the images in the defendant's servers being the vital question to determine infringement.

The judgment has been criticized considering the limitation it creates on the sharing of content on the Web and the far-reaching consequences on commercial interests, viewership rates and the medium of expression, which the internet boasts of.⁷ The server's test places a limit on the liability in case of copyright infringement which encourages and allow users to create interesting web content in the form of comments on recent news, videos, expressing opinions etc. , all of which will be curbed if the freewheeling use of embedded content is disallowed. In fact, social media websites such as Facebook, Twitter, YouTube who especially provide for 'embed link' options, will face difficulty with respect to the commercial returns in the form of advertising revenues generated from the traffic created through the 'embedding of links'

While India is yet to deal with any such case which where such copyright infringement of embedded web content is questioned, international decisions outside

² 2011 WL 3876910 at * 4(N.D. Ill. Sept. 1, 2011)

³ 2017 WL 5629514 (N.D.Tex. Nov. 22, 2017)

⁴ 508 F.3d 1146, 1160 (9th Cir. 2007) 17 U.S.C 101

⁵ 689 F.3d 754 (2012)

⁶ *American Broadcasting Cos., Inc. v Aereo Inc* 874 F. Supp. 2d 373, 377-79 (S.D.N.Y. 2012)

⁷ *Packingham v North Carolina*, 137 S. Ct. 1730, 1735 (2017)

the American Jurisprudence highlights that embedding is not an act of copyright infringement. In the case of *Best Water International GmbH v Michael Mebes and Stefan Potsch*, wherein the Court had to decide whether promotional videos by sale representatives of Best Water on their own websites from YouTube is infringement of Copyright or not. The Court though referred to the Directive under the European Union and interpreting the same arrived at a conclusion whereby that when the embedding is done in a website of a protected work which is publicly accessible on another website through a link using the framing technology would not mean communication as per the European Union Directive. Thus, mere usage of a different technical means from the original means of communication does not create liability.

Thus, the embedding of twitter links, as performed by the defendants in the Goldman Case must not amount to infringement of copyright as it is mere communication and transmission of links and does not consist of any transfer of the web content itself for which the users are and will be redirected to the host website. The appeal in the Second District with respect to the judgment is awaited to put an end to the difficulty of thousands of general internet users by upholding of the Server's Test.

LAW ON NOTARIZATION OF FOREIGN DOCUMENTS IN INDIA: A TRADEMARK LAW PERSPECTIVE

The author through this paper reviews the laws relating to notarization of foreign documents on Indian soil. This paper is restrictive to laws relating to notarization, when the foreign party is the one based in U.K.

1. STATUTES/TREATISE

THE NOTARIES ACT, 1952

Section 14:

This Section deals with the reciprocal recognition of the acts done by foreign notaries. ***Under the notification dated 18th August, 1960: This Section recognizes the existing reciprocity of notarial acts between India and the United Kingdom.***

“If the Central Government is satisfied that by the law or practice of any country or place outside India, the notarial acts done by Notaries within India are recognized for all or any limited purposes of that country or place, the Central Government may, by notification in the official gazette, declare that the notarial acts lawfully done by notaries within such country or place shall be recognized within India for all purposes or, as the case may be, for such limited purposes as may be specified in the notification.”¹

CODE OF CIVIL PROCEDURE, 1908

As stated under Section 139 of the Civil Procedure Code, it can be inferred that the Notary Public is not a person competent to administer oath to a deponent under that section.

Section 139:

“In the case of any affidavit under this Code-

- (a) Any Court or Magistrate, or
- (b) Any officer or other person whom a High Court may appoint in this behalf, or
- (c) Any officer appointed by any other Court which the State Government has generally or specially empowered in this behalf, may administer the oath to the deponent.”²

¹ SECTION 14, THE NOTARIES ACT, 1952.

² SECTION 139, CIVIL PROCEDURE CODE, 1908.

APOSTILLE AND/OR LEGALIZE

Brief history/introduction-

In 1961, many countries joined together to create a simplified method of “legalizing” documents for universal recognition. Apostille is acceptable in 105 member-countries of the Convention. Apostille is done for personal documents like *birth/death/marriage certificates, Affidavits, Power of Attorney, etc. and educational documents like degree, diploma, matriculation and secondary level certificates etc.* Any document Apostilled in one member country is acceptable in all the other 104 member-countries, signatory to the referred convention of 1961 thus greatly simplifying the process of attestation by making it needless to get the documents attested in each or for each of the countries separately.³

Legalization: There are some countries that are not a part of the Convention. Therefore, the documents need to be legalized in such scenarios. The verification process is quite similar; however there is a requirement of an additional Embassy Legalization by the Consular Office of the country in which the document is to be used.

In other instances, there are countries that require further authentication for international acceptance of notarized documents over and above the Apostille.

BROOKE’S TREATISE (U.K.)

An excerpt from the Brooke’s Treatise which is an authority used in English courts, must be quoted to bring clarity to the issue of apostille of affidavits.

“Where, therefore, an affidavit, affirmation, declaration, etc., is sworn or taken before any of the persons mentioned in this rule no verification of the seal or signature is necessary but where it is sworn or taken in a country not under the dominion of His Majesty, before a foreign notary, or before a person authorized by foreign law, the authority and the signature of the notary or other person must be verified. The verification required is a certificate annexed to the affidavit, or

³ Apostille, MINISTRY OF EXTERNAL AFFAIRS, See <http://mea.gov.in/apostille.htm> (last assessed on, May 9th, 2018).

other document, certifying that the person before whom it was sworn or taken was duly authorized to administer oaths in the country in which it was sworn or taken and such certificate must be signed by a British Consul or Vice-Consul, or verified by the seal of the High Court or of a local court of record of the said country.”⁴

DIPLOMATIC AND CONSULAR OFFICERS (OATHS AND FEES) ACT, 1948

Section 3:

“(1) Every diplomatic or consular officer may, in any foreign country or place, where he is exercising his functions, administer any oath and take any affidavit and also do any notarial act which any notary public may do within a State; and every oath, affidavit and notarial act administered, sworn or done by or before any such person shall be as effectual as if duly administered, sworn or done by or before any lawful authority in a State.

(2) Any document purporting to have affixed, impressed or subscribed thereon or thereto the seal and signature of any person authorized by this Act to administer an oath in testimony of any oath, affidavit or act, being administered, taken or done by or before him, shall be admitted in evidence without proof of the seal or signature being the seal or signature of that person, or of the official character of that person.”⁵

2. CASE LAWS

***In Re: K.K. Ray (Private) Ltd.*⁶ (15 March, 1967), Calcutta High Court**

This case lays down the law on notarization of foreign documents. It basically deals with the question that whether the affidavits affirmed before a Notary Public of a foreign country can be accepted in the Indian Court. The court looks at the reciprocity provision under Section 14 of the Notaries Act. This case is important with respect to various statutes mentioned in the judgment and also because it reiterates the concept of apostille of foreign documents.

KEY TAKEAWAYS-

- Section 14 of the Notaries Act deals with the Reciprocity provision

⁴ BROOKE'S TREATISE, 8th Edition, Pg. 52-53.

⁵ SECTION 3, DIPLOMATIC AND CONSULAR OFFICERS (OATHS AND FEES) ACT, 1948.

⁶ 1967 37 CompCas 737 Cal.

- India and UK have an existing reciprocity provision
- The affidavits must be apostilled in India (right path)

***Crocodile Int. Pte Ltd. And Anr. v. Lacoste S.A. and Anr.*⁷, Delhi High Court**

The parties in this case were engaged in a legal fight over the Trademark and Copyright in what the plaintiff has described as Crocodile device. The court also dealt with a rather interesting issue. One of the objections before the court was- “That the affidavit which had been executed on foreign soil had not been legalized nor apostilled hence was no affidavit in the eyes of law”⁸. The court dealt with this issue stating that Diplomatic or Consular Officers were empowered to administer oath and to take any affidavit and also to do the notarial act which a Notary public may do in the State where the Diplomatic or Consular service is functioning. The documents notarized by these officers were therefore deemed to be validly notarized in India. But the court further stated that “once a witness had appeared in the witness box on oath solemnly affirmed the contents of his affidavit which was tendered in evidence, the procedural irregularity in the notarization of the affidavit had disappeared”⁹.

KEY TAKEAWAYS:

- Affidavit drawn on a foreign soil must be apostilled for it to be considered as validly notarized in India.
- The document cannot be thrown out of the court just because it was not apostilled. It is a procedural irregularity which can be cured.
- By appearing before the court as a witness and solemnly affirming the contents of his affidavit which was tendered in evidence, the procedural irregularity in the notarization of the affidavit disappeared.

CONCLUSION

On the basis of the research stated above, the author concludes that the affidavit drawn by the Trademark

⁷ FAO (OS) 110/2007.

⁸ Id.

⁹ Id.

Applicant, who is based in U.K, must have been apostilled in India for it to be considered as validly Notarized in India. But in accordance to the law laid down in the judgments stated above, this could be treated as a procedural irregularity which can later be cured.

PATENT TROLL - PATENT AGAINST INNOVATION

INTRODUCTION

A Patent Troll uses a Patent as a lawful weapon, rather than making new products or evolving with new ideas. Patent trolls are individuals or companies that are in the business of litigations. As the patent offices across the world are seeing a large number of patent applications, many times patent offices do issue a patent for ideas that are not Novel or Radical- these patents have very broad applications in our day to day life and include common sense ideas. Patent trolls uses their patent titles to try to compel individuals, businesses and non-profits to pay them fees for use of ordinary items of daily uses like office equipment, printers, Wi-Fi routers and these days a new trend of threatening Mobile Phone App developers is also in business.

PATENT TROLLING FROM INDIAN PERSPECTIVE

Indian patent system has seen a paradigm shift where it has transformed itself from a system where monopoly rights over intellectual property rights are balanced against the public interest. There have been many instances where the Indian courts have sent a strong message that any act of using the patents in negative sense will not be tolerated. Indian patent laws do not in specific prevent the patent trolls, however there are various provisions that significantly prohibit Non-Performing Entities or patent trolls.

Patent trolls maintains a bucket of patent till the technology matures and then starts various litigation against the users. Section 146 of Indian patent act ensures that patent(s) is commercially utilized or worked in India. If the patentee fails to submit the proof for the same the subject patent is made available to the public by invoking compulsory licensing for the same. The time frame as prescribed by the Indian patent act is not enough for the patent trolls to act since the time is not enough for patent troll to acquire the required patents and the technology is also not matured.

SECTION 146, PATENTS ACT, 1970

1. "The Controller may, at any time during the continuance of the patent, by notice in writing, require a patentee or a licensee, exclusive or otherwise, to furnish to him within two months from the date of such notice or within such further time as the Controller may allow, such information or such periodical statements as to the extent to which the patented invention has been commercially worked in India as may be specified in the notice"¹

2. "Without prejudice to the provisions of sub-section (1), every patentee and every licensee (whether exclusive or otherwise) shall furnish in such manner and form and at such intervals (not being less than six months) as may be prescribed statements as to the extent to which the patented invention has been worked on a commercial scale in India"

3. "The Controller may publish the information received by him under subsection (1) or sub-section (2) in such manner as may be prescribed."

Patent trolls utilizes the fact that the patent infringement cases could be extended over longer periods and results in substantial loss in production and revenue. It is due to the reason that patents are complex to understand, lack of technical knowledge may extend such periods to great extent. Section 115 of the patent act allows appointment of scientific advisers with deep technological knowledge for speedy trials. It also helps the courts to identify dubious patents and to revoke them.

SECTION 115 OF INDIAN PATENTS ACT, 1970

(1) "In any suit for infringement or in any proceeding before a court under this Act, the court may at any time, and whether or not an application has been made by any party for that purpose, appoint an independent scientific adviser, to assist the court or to inquire and report upon any such question of fact or of opinion (not involving a question of interpretation of law) as it may formulate for the purpose."

(2) "The remuneration of the scientific adviser shall be fixed by the court and shall include the costs of making a report and a proper daily fee for any day on which the

¹ <http://ipindia.nic.in/writereaddata/Portal/ev/sections/ps146.html>

scientific adviser may be required to attend before the court, and such remuneration shall be defrayed out of moneys provided by Parliament by law for the purpose.”

Dubious patents are another favorite of patent troll, these are used by patent trolls to enter litigations. Indian patent system counters these kinds of patents with section 3(d). However, disagreement continues to rage over significant issues affecting rights holders, such as Section 3(d) of the Patent Act, which is unique to India. Section 3(d) makes it very difficult for the patent trolls to get dubious patents and of the Evergreening of the patents.

SECTION 3(D) OF THE INDIAN PATENTS ACT, 1970

“the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine, or apparatus unless such known process results in a new product or employs at least one new reactant.”

PATENTABILITY OF STEM CELL TECHNOLOGY

Stem cell technology is not a new concept having been popular since last decade. Stem cells are auto-generative cells which have the capability of indefinite division. They can easily be maintained in laboratories as cell lines. Since they can divide and differentiate to form different cells of the body, they have vast scope in medical realm with respect to repair and replacement of human tissues and a probable cure for many conventional and non-conventional diseases. There are two kinds of stem cells i.e. embryonic stem cells and adult stem cells.

Embryonic stem cells are obtained from the blastocyst stage of the human embryo, where embryo is a gestational stage in the human birth cycle. Since this extraction unfortunately makes the embryo non-viable¹, this technology raises many ethical and moral concerns in the society. However, recent advancements in in-vitro fertilization and ability to derive stem cells from umbilical cord blood and amniotic cell lining² (a biological waste after delivery of the child) have resolved majority of such issues, thus, accelerating research in the area. Deriving stem cells from umbilical cord blood is deemed more acceptable ethically, and therefore, this process has become very popular in exercising benefits out of stem cell technology. There is high awareness about the preservation of umbilical cord blood among the educated Indians and it has gained popularity with a number of stem cell banks, both public and private, facilitating cryopreservation of stem cells in India.

On the other hand, working with adult stem cells is comparatively easier since the process does not require invasion of the source from which it is taken. Adult stem cells can be obtained mainly through three sources i.e. bone marrow, adipose tissue and blood. Functionality of adult stem cells has been found to be very limited as compared to the functionality of embryonic stem cells. Therefore, majority of the

therapeutic researches involve human embryonic cell lines.

Embryonic stem cells are considered to be pluripotent cells i.e. they have the ability to develop into different cell types of the human body. Embryonic cells can even be totipotent if they are obtained from a very young embryo which has undergone only a few cycles of cell division. Such cells, in addition to being pluripotent, have the ability to get differentiated into extraembryonic and placental cells. Adult stem cells have the capability of regenerating only similar or related tissues from which they are derived and therefore, have limited applicability.³ Such cells are known to exhibit multipotent characteristics but have limited scope compared to pluripotent cells.

Application of stem cells lies primarily in utilizing their pluripotent and totipotent characters in repair and replacement of tissues. Technology for making patient specific stem cells, and tissues thereof, has been developed. This ensures the repair and/or replacement offered by such tissues a better probability of getting accepted by the immune system of the body⁴. This therapeutic aspect of stem cells finds benefit in curing various malignant and non-malignant diseases like diabetes, Parkinson's disease, cancer etc.

Different countries have different countenance about this technology as a breakthrough in medical science. Some countries offer full support to researchers to explore this field to the fullest extent, whereas in some others there are no formal policies resulting in the majority of research being governed by private contributors without the support of the government. The countries' acceptance of this technology shows their clear preference toward therapeutic benefits of stem cells over the concerned ethical issues. Countries supporting this technology include United Kingdom, Belgium, Israel, South Korea, India, Japan, Singapore, China and Australia. Other countries like Germany,

1 *The Limits of Patentability: Stem Cells.* Available at: https://www.researchgate.net/publication/278661138_The_Limits_of_Patentability_Stem_Cells

2 *Biological characteristics of stem cells from foetal, cord blood and extraembryonic tissues.* Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2988276/>

3 *What is the difference between totipotent, pluripotent, and multipotent?* Available at: <https://stemcell.ny.gov/faqs/what-difference-between-totipotent-pluripotent-and-multipotent>

4 *The patentability of stem cells, reforms to patent law.* Available at: <https://www.lawteacher.net/free-law-essays/medical-law/patent-law-stem-cells.php>

Austria and Italy offer stricter policies for stem cell research. Some other countries like United States, Canada, European Union, however have limited opportunities which can be availed only if the research is deemed ethically acceptable.

It is to be noted that the majority of the countries, irrespective of whether they support stem cell research or not, exploit this technology only for therapeutic purposes, while cell cloning is highly restrained being used just for the purpose of research. Most research is carried out ethically by either exploiting the embryos that are deemed to be a waste after in-vitro fertilization, or those embryos that are unwanted or sacrificed; or stem cells derived from umbilical cord blood.

PATENTABILITY OF STEM CELL RESEARCH

Just like policy framework, patentability of this kind of research is also highly varied among different countries. For an invention to be patentable, it should suffice three basic requirements of i) novelty, ii) non-inventiveness and iii) industrial applicability. Invention related to stem cell technology generally qualifies these requirements and becomes a patentable subject matter. The Indian Patents Act (1970) says that an application should also qualify criteria given under section 3, for it to be considered as an invention. Stem cell technology falls under the purview of 3(b) of the Act, according to which 'an invention, the primary or intended use or commercial exploitation of which could be contrary public order or morality or which cause serious prejudice to human, animal or plant life or health or to the environment, are not inventions'.

Whether the stem cell technology should be considered non-ethical or against moral values, vis-à-vis the various benefits it offers to those who do not have any other cure, is a debatable topic, which keeps recurring between the researchers and the policy makers.

As far as India and most of the other countries are concerned, they have voted for technology only in case ethical ways are used to derive embryonic stem cells. These ethical ways, as reported by the researchers, like using human embryos, produced by in-vitro fertilization, aborted fetuses, and asexually produced human embryos for deriving such cells, are not against public order or morality in any way⁵. India is lucky in a

way that the government is supporting researchers in this area for the good of the nation. In addition, nothing has been mentioned in Patents Act (1970) which makes stem cell and related research not patentable. Therefore, stem cell technology is considered patentable, and a good number of patent applications are made every year and several are granted⁶ to bring in optimistic competition among the researchers.

It will not be wrong to say that stem cell research is a very promising field and can prove to be a boon for biotechnology sector of the country. Research in this field should be encouraged by giving suitable intellectual property rights to such inventions.

⁵ Patent: Stem Cell Patent Debate Never Dies. Available at: <https://www.bananaip.com/ip-news-center/stem-cell-patent-debate-never-dies/>

⁶ *ibid*

ROLE OF IPR IN SPORTS

With the aim of protecting the ownership, Intellectual Property Rights have been adopted by many industries worldwide. Whenever an idea is created by labour and hard work, need for its protection automatically arises. Intellectual Property Rights provide an incentive to the individual for new creations. The IP Rights protect the expression of an idea and not the idea itself. In this article we will discuss the importance of IPR in Sports Industry.

The scope of Intellectual Property Rights is immense in the sporting arena. IP Rights are vested in almost every component of the sports industry. They start from Patents which encourage technological advances that result in better sporting equipment. Trademarks and designs contribute to the distinct identity of events, teams and their gear. Copyright-related rights generate the revenues needed for broadcasters to invest in the costly undertaking of broadcasting of sports events to fans all over the world.

Example - A sports shoe could be protected by several IP rights such as Patents protect the technology used to develop the shoe; Designs protect the "look" of the shoe; Trademarks distinguish the shoe from similar products and protect the "reputation" and "brand" of the shoe; and Copyright protects any artwork and audiovisual creations used to publicize the shoe. Further, the IP Rights are also associated with many other aspects of sporting business, such as event promotions, athletes, sponsorship deals, broadcasting and merchandising.

Commercialization of Sports is one of the most promising areas which have added to individual gains and also contributed to the economic growth of the country. Today Intellectual Property Rights are used as marketing tools toward the branding of games and connected events, sports clubs, teams, celebrity status which all in turn require protection to prevent any complications that may arise in future.

Although there are many advantages of IP protection in sports industry, nevertheless there are huge problems as well. It can be better understood by a case study of the International Olympic Committee (IOC) wherein the Olympic symbol has been protected under

Nairobi Treaty on the Protection of the Olympic Symbol, which follows the strict rules governing the usage of the symbol, which affects other areas of branding for the games as well. Due to such stringent rules, many companies find it difficult to use the Olympic symbol as a part of their marketing strategy. These companies then resort to "AMBUSH marketing". Ambush marketing is the term used when a brand attempts to tie itself to a large event, without being a sponsor of the said event. This means the brand or company avoids paying fees, but succeeds in generating commercial revenue from their actions. For example, in the 1996 Summer Olympics, Nike pulled off a highly successful feat of ambush marketing with its golden shoes that Michael Jordan wore when he competed and won the gold in the 400-meter track event. Nike took heat from the Olympics Committee for the PR stunt, and the incident became the base for the IOC to enact strict rules to make it extremely hard for non-sponsoring brands to profit from Ambush marketing at the Olympics.

In the sports industry, a chain of title has relevance in sports agreements which incorporate the legal release of the talent of the sportsman, so that their work, images, personality rights, etc., can be used by another for profit. In sports leagues like the Indian Premier League (IPL), Hockey India League, Indian Badminton League, Pro-Kabaddi, Indian Super League, various teams have been formed, which are owned by individuals or partners. Teams are sold to other individuals or partners and in such an event the chain of title becomes an issue, in order to ascertain the title in trademark, copyright and various other IPRs which may form a part of such an event.

Various acts of infringements or unauthorized use of IP, eventually lead to IP disputes. With an increase in the commercial exploration of IPR in sports, various legal issues that can arise in the sports industry include infringement of trademarks, brand abuse, misbranding, misuse in bad faith, using the name of a sports personality without permission or without paying any license fee or royalty; copyright infringement with regard to the copyrighted merchandise, sports equipments, artwork in logo, broadcasting without license, piracy in audiovisual recordings, infringement in promotional material used, use of copyrighted

software without license or royalty; infringement of design, use of design without license, use of design for promotion of other goods; and in case of patents, the use of patented technology without authorization from the owner of the patent. These issues can lead to damage of goodwill, unfair trade practices, unfair competition and commercial disputes which ultimately lead to huge commercial losses which in turn defeats the principal purpose of exploring the commercial aspect of the sports industry.

It is the need of the hour for the Government to formulate stringent laws for enforcement of IP rights in sports. The owners of intellectual properties in the field of sports should be aware about the importance of IP and protect them by doing registration, obtaining proper licenses and making contracts in order to protect the value of sports and sporting assets as well as actively protecting intellectual property from infringement and abuse. Importance of legal contractual agreements must be identified, and contract must be put in place for protecting all forms of intellectual property created in sporting events, teams, individual players etc., to protect all the stakeholders and their financial interests. It is recommended that India should come up with sports business model which could build an effective IP rights strategy that would address the use of patents, trademarks, designs in sports as well as use of domain names; and which would also address media and broadcasting rights.

SOFTWARE PROTECTION UNDER COPYRIGHT LAW

Under the copyright laws, protection is available only to the form or expression of an idea and not to the idea itself. The object of copyright protection in a computer program is not the underlying idea, but the computer language used to express that idea. The coding of the program is carried out independently. In this case, the idea underlying the program has expressed this idea. The new code thus constitutes the expression and is protected but the methods and algorithms within a program are not protected. Algorithm is a list of well-defined instructions for completing a task. It is a set of instructions on what steps are essential to process information by the computer and in what specific order it has to perform these operations in order to carry out a specified task.

Software in its simplest sense can be understood as a set of instructions provided to the computer in order to produce the desired result. The most common methods of software piracy are soft-lifting, hard disk loading and unauthorized renting. In addition, the ease of duplication and high quality of pirated software pose a great threat to the software industry. Thus, the software protection by way of intellectual property rights is necessary to ensure that the creator is adequately benefitted and also to encourage creativity and inventiveness in the future.

In India, software can be protected under the Copyright Act, 1957 or the Patents Act, 1970, and a touch of ingenuity, too, is required to protect it correctly. It can be protected under the Patent Act only if it has a technical effect. Otherwise it can be protected only under Copyright Act, 1957. Section 2 (o) of the Copyright Act defines "literary work" and includes computer programs, tables and compilations including computer databases. Thus, it is explicitly protected. The same remedies will follow from the infringement of the copyrighted computer software which are allowed in case of any other infringements.

Copyright infringement is basically exercising any of the rights of the copyright owner without any authorisation to do so. In cases of computer programs, the important rights are copying the code, and creating derivative works. In case of *Zenimax v. Oculus*, the jury

found infringement of the right to create derivative works. It was a case of nonliteral copying.

It is a case of literal copying when a creative, and substantial part of code is copied as-it-is. Creativity doesn't mean that the code needs to be complex or of high quality; it merely refers to the programmer's ingenuity and a unique way of writing the code. Substantiality is something that is considered on a case-by-case basis by experts in courts.

Even in the USA, the Computer Software Copyright Act was enacted in 1980 to modify the meaning of the term 'literary work' to include 'software'. Copyright protects an expression of an idea, and not the idea itself. This has been a stumbling block for copyright protection of software as only object and source codes can be categorised as the literal components of computer programs, and there are other non-literal elements like program structure, organisation, sequence, etc., which have been the points of contention for the courts. Protection of functions is possible under patents or trade secrets, however, if someone is not familiar with IP law, he will face an uphill task separating the functionality and the expression in source code. This 'dichotomy between idea and expression' is a central theme of this essay and the cases it attempts to compare and critique. Although the problems with software copyright have much in common with other works, there are a few issues unique to computer programs, the main focus would be to discuss such issues, more specifically issues surrounding non-literal copying of computer programs.

NON-LITERAL COPYING OF COMPUTER PROGRAMS

A computer program is a complex combination of protectable and unprotectable components, hence protecting only the literary elements is not sufficient. Nonliteral copying refers to the copying of the structure, sequence and organisation of the code. Again, the presence of creativity and substantiality is necessary for it to be held as an infringement. Nonliteral copying is a vexing issue as the courts are still developing their understanding in this regard, as has been shown in many cases. This is because a code is both expressive

and functional, and adjudicating on which functional aspects can be protected under copyright is more difficult than the traditional subject matters. The notion of nonliteral copying brings a lot of uncertainties with it as copyright is not supposed to protect functionality, but then it is held to be an infringement if a code purports to accomplish the same functionality with a slightly different approach in programming.

TRIPS set forth three different forms of protection for software: copyright, patent and trade secret regime. TRIPS includes a specific provision in Article 10 that expressly requires member states to protect software, whether in source or object code, as literary works under the Berne Convention. However, the member countries have a right to provide more extensive protection of intellectual property rights within their national legal systems.

India has undoubtedly made great strides in protection of computer software through copyright law but the protection through patent law still remains at a nascent stage. As, the strength of protection offered by Patent Law is much higher than that offered by the Copyright Law it would be in greater interest if attempts to strengthen the former for software protection are made.

THE 'TASTE' OF COPYRIGHT: DELVING INTO THE REALM OF COPYRIGHTS IN THE CULINARY WORLD

The Cambridge Dictionary defines 'TASTE' as "*the flavor of something, or the ability of a person or animal to recognize different flavors*".¹

LEVOLA HENGELO BV V. SMILDE FOOD BV²

Last year, an interesting issue with respect to copyrightability of unconventional works was raised before EU's highest legal authority, the Court of Justice, European Union. A Dutch food producer, Levola Hengelo, had sued Smilde Foods, for infringing its copyright over the taste of a cheese spread. The Levola product, known as Heks'nkaas, or also known as Witches Cheese, is made of cream cheese and herbs and vegetables including parsley, leek and garlic. On the other hand, Smilde's herbed cheese dip contained many of the same ingredients, and was named Witte Wievenkaas, which also made a reference to witches. While, the issue with respect to trademark infringement was resolved, the issue now before the Court was – *can the taste of the food be subject to copyright protection?*

DOES IT SMELL LIKE COPYRIGHT?

Levola, in this case, had relied on a Dutch Supreme Court ruling in *Lancôme v Kefoca*³ where it was held that the smell of a perfume is eligible for copyright protection. The Supreme Court of the Netherlands, in this case, stated that 'scent' was protectable under the Dutch copyright law, as it a) could be recognized by sensory perception; b) possessed an original character as it is composed of an original mix of ingredients that are not only quantifiable by the senses but are in fact substantial and constant enough to be considered as an authored work capable of copyright protection; and c) bore the personal stamp of the author as it was created by the famous "nose" Sophie Grossman, who called it her "Hug me" perfume.

This was in stark contrast to the judgment of the French Court de Cassation which had held that the smell of a fragrance was not eligible for copyright protection as it

was a result of a 'simple implementation of a skill' that cannot be identified with sufficient precision.

THE JUDGMENT

For a work to fall under the ambit of Copyright protection, the same needs to be expressed in a manner that it is identifiable with '*sufficient precision and objectivity*'. The court formulated that taste of food cannot be identified objectively and that it is in fact '*subjective and variable*' and open to personal biases, that is to say that the taste of a particular dish may be identified differently by different people and the same may change over time. Further, the court remarked that at present the world lacks the technical means to make a precise and objective identification of the taste of a particular food dish so that it is capable of being distinguished from any other food dish of the same kind/type.

CONCLUSION

In the light of this judgment, there is a high likelihood for future prosecution with respect to claiming copyright protection for non-conventional works. It would be interesting to see how courts would rule/order in extending copyright protection in relation to non-conventional works. The overall idea of seeking copyright protection with respect to the essence of a food dish gets increasingly blurred in a world that is obsessed with social media, where everything is showcased for the world to see. A freshly prepared dish is posted on social media platforms by food bloggers/Instagrammers for the world to see and admire, leading to rampant copying, further blurring the line between art and proprietary commerce⁴.

In order to succeed in a copyright case the proprietors/companies would have to uncover a way to objectively describe the taste of their food products.

The Berne Convention allows for a wide interpretation of what constitutes copyrightable material. India, even though, a signatory to the Berne Convention, follows a

1 Cambridge Dictionary, Definition of Taste, also available at <https://dictionary.cambridge.org/dictionary/english/taste>, last accessed on 8th February, 2019.

2 Levola Hengelo BV v. Smilde Food BV, C-310/17.

3 Lancôme v Kefoca,

4 FORBES, <https://www.forbes.com/sites/lesliewu/2018/07/31/can-taste-be-subject-to-copyright/#766e13b16c94>

closed copyright regime. But with time and technological advancements, the Indian courts have also recently passed progressive judgments favoring copyright protection in non-conventional works like sound and combination of colors (even a single color). Hence, this decision might not pose an immediate legal impact on countries like India, owing to the closed copyright regime, but it would be exciting to see the legal ramifications of the same in near future.

THE MENACE OF TRADEMARK TROLLS

While the term “patent troll” has entered common parlance in recent years, the term “trademark troll” is less commonly used. However, trademark trolls do exist and can present brand owners with real challenges. In the trademark world, a troll is generally understood as one who attempts to register a mark and then demands payment and threatens litigation against unsuspecting companies that have adopted the same or similar marks. In the field of domain names, such trolls are generally known as cyber squatters.

There are generally two different classes of people or entities that have been accused of being trademark trolls.

OPPORTUNISTIC TRADEMARK REGISTRANTS

Such persons or entities do not actually use or intend to use the mark but opportunistically attempt to register well-known or recently introduced trademarks registered by a different company in other countries, in anticipation of that company eventually wanting to use it in the troll’s country at some point in the future. By doing so, the troll waits until the original owner decides to use the mark in the country, and then blocks this use based on his “spurious” registration, generally demanding the original trademark owner to pay money in order to obtain a license to use the mark. This is more common in “first to file” countries where usage of a mark is not required to register a trademark and has produced some well-publicized cases in recent years, particularly in China.

For instance, as widely reported by IP and mainstream media, French winemaker Castel Frères SAS experienced trademark trolling when a Chinese court ordered it to stop all sales of its CASTEL brand wines in China and pay over USD 5 million to Li Dao Zhi (Li), a Shanghai company that had registered the name Ka Si Te, the known transliteration of “Castel.” (2012) No. 166 Zhe Zhi Zhong (2012). While Castel reportedly entered the Chinese market in 1998, and began selling wine under the name Zhang Yu Ka Si Te in 2001, it did not apply to register its CASTEL mark until 2002. In 2005, it became aware that Li had registered the KA SI TE mark in 2000. Castel filed a request to cancel Li’s registration based on non-usage, but during the pendency of the cancellation action, Li began use of the KA SE TI

trademark, and Li sued Castel for infringement. The court ultimately ruled in Li’s favor, and Castel found itself in the unenviable position of being labeled an infringer of a mark it had developed more than several decades earlier. ¹Subsequently, however, Castel appealed the case all the way to the Chinese Supreme Court, and earlier this year it was reported that the Supreme Court had suspended the fine and would retry the case. ²

Another famous case involved the Tesla Motors family of TESLA marks and logos. In 2009, Zhan Baosheng, a businessman based in Guangzhou and founder of a cosmetics website, registered the TESLA trademark across a range of classes, including cars. Tesla Motors made various offers to purchase the marks, but Zhan rejected the offers and ultimately demanded a price of USD 32 million, which Tesla rejected. The carmaker sued Zhan for damages and cancellation of the marks and was initially successful, but Zhan appealed and sued Tesla for trademark infringement, demanding USD 3.9 million in damages and seeking an order that the company stop all marketing and shut down all showrooms displaying cars with the TESLA marks. In August 2014, the parties entered into a settlement whereby it was decided that Zhan would give up his trademark rights while Tesla would drop its compensation demands in return. Tesla also agreed to buy domain names including tesla.cn and teslamotors.cn from Zhan for an undisclosed purchase price.³

SUSPECT TRADEMARK USERS

These persons or entities are the ones who claim, without solid reasons, to have used a specific mark, and threaten or bring infringement actions or opposition against any company or individual using and/or registering that mark. This practice, based on alleged prior use, is more typical of those legal systems based on common law, and/or where trademark rights are primarily based on usage and not registration (e.g. the USA).

¹ 2013) No. 1405 Min Shen Zi (2013)

² Peter Mendelson, *Purdue Pharma L.P., Trademark Trolls: Here to Stay?* available on < https://www.inta.org/INTABulletin/Pages/Trademark_Trolls_7021.aspx>

³ (2014) No. 09258 San Zhong Min (Zhi) Chu Zi (2014).

For instance, the most infamous trademark troll is probably US based self-acclaimed entrepreneur, Leo Stoller. He controversially claimed rights to a large inventory of “famous” trademarks and engaged in the assertive enforcement of those alleged trademark rights, threatening infringement action against people and companies who attempt to use similar marks.

One of the primary marks with respect to which Stoller attempted to enforce his alleged rights was the mark STEALTH. In the Northern District of Illinois alone, Stoller was involved in at least 47 cases involving trademark infringement. In case after case, Stoller was unable to demonstrate legitimate trademark use or infringement, and the Northern District of Illinois not only ordered him / his corporate entities to pay costs and the defendants’ legal fees in several cases, but enjoined him from filing any new civil actions in that court without first obtaining the court’s permission. Moreover, in *Central Manufacturing, Inc. v. Brett*, 492 F.3d 876 (7th Cir. 2007), the Seventh Circuit affirmed the decision of the Northern District of Illinois that ordered both payment of the defendant’s legal fees as well as the cancellation of 34 of Stoller’s trademark registrations.

background evidence on prior legitimate use in case of unexpected/undesired litigation.

STEPS TO BE TAKEN BY COMPANIES IN ORDER TO AVOID TRADEMARK TROLLS

- I. First and foremost, one should file trademark applications as early as possible, not only in the countries in which one currently does business or manufactures or sources products, but in all countries in which expansion is likely in the future.
- II. Filing transliterations of one’s marks in the local language including logos.
- III. Establish watch services or conduct trademark searches to identify potential trolls at an early stage. Updating the search periodically and scanning local media for references to the mark will help trademark owners keep abreast of local developments.
- IV. Keeping track of the use of its own trademark in “troll friendly countries” (e.g. file and save invoices, commercial documents, correspondence with distributors, etc.) and always display in a proper way the mark as registered on products and commercial papers. This would constitute good



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