

RKD NewsNet December 2018 – Volume II

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Trouble for IP Infringers - China

Forced transfer of technology and intellectual property has been a continuing issue faced by many countries in China. Multiple efforts by way of ‘talks’ have been attempted to solve such issues with the Chinese governments. Recently, in furtherance to the U.S. expressing serious concerns with regard to IP protection in China at the G20 summit held in Argentina, China has decided to take strict measures against the entities involved in cases of IP infringement.

China has announced a total of 38 different punishments which shall be applicable to IP violations. These will include the violators being banned from -

- Issuing bonds or other financing tools, and
- Their participation in government procurement.

The infringers will also be restricted from accessing government financial support, foreign trade, registering companies, auctioning land or trading properties.

In addition, violators will be recorded on a list, which will be referred to by financial institutions when lending or granting access to foreign exchange. The names of the violators will also be posted on a government website.

This act is likely to curtail the rampant IP infringement taking place in the country.

Santa Claus And Suit Damages!

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Christmas. Celebrations. Santa Claus. Photographs. Suit Damages. Does the word “Damages” sound odd in the line? With all the celebrations that you are looking forward to, ensure you don’t use Santa’s picture without its photographer’s consent. In your Christmas cards, greetings, invitations, wherever.



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It has been reported that Lance Knowles, a photographer, sued the City of Aiken, South Carolina and its tourism department (“the City”) for using a photograph of Santa Claus without his consent. He claimed that the unauthorised use of the photograph was in spite of being aware that the photograph belonged to Knowles. This, he substantiated by stating that when the photograph was posted by him, the City had commented on the same. With the use of this picture, the City is said to have drawn undue commercial benefit and publicity. Hence, his copyright in the photograph had been violated by its unauthorised use through the City’s social media accounts and mass emails, for publicising one of the events that the City was to conduct. The City had to pay an amount of USD 6250 for Knowles for this violation.

Tech Giants At War!

There is a mindset that believes that people/companies involved in violating patents are “Pirates”, “Violators of the law”, “Shady Entities”, however, this is not true and we have included this article to rectify this perception of the people.

The legal battle between the two California based tech giants Apple and Qualcomm has been continuing since nearly a decade. In a recent case at China, Apple was restrained from selling iPhones vide an injunction passed in favour of Qualcomm. Apple however, found a loophole in the order passed and stated in its defense that the Qualcomm patents under question were a part of the earlier versions of the iOS, hence the newer models with the latest iOS do not violate any Court orders or infringe upon the patents of Qualcomm.

The regional Court of China has further granted Qualcomm’s request for two preliminary injunctions against four of Apple’s Chinese subsidiaries. Qualcomm’s claims that technology found in the iPhone 6S, iPhone 6S Plus, iPhone 7, iPhone 7 Plus, iPhone 8, iPhone 8 Plus, and iPhone X infringes on two of Qualcomm’s patents. The patents in question involve adjusting the size and appearance of photographs, and managing applications on a touchscreen device.



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Earlier this year, Qualcomm also accused Apple of stealing valuable trade secrets and providing them to Intel in order to enhance the performance of Intel's chips on iPhones. The claim was made as a part of a court filing at a Superior Court in San Diego. Qualcomm accused Apple of breaking a master software agreement which Apple had signed when it became a customer of Qualcomm. Qualcomm's rival is the company Intel and this agreement clearly restricted the sharing of elements of source code and tools used in Qualcomm's chips with Intel.

The two giants were also found in the German Court earlier this month, wherein the regional Court of Munich passed an order in favour of Qualcomm against a patent infringement suit against Apple. Qualcomm claims that the chips built into iPhones are directly infringing upon the company's patent. The court will have to examine on how the chips actually function. The ruling effectively bans the sale of the latest models including iPhones 7plus, 7, 8, 8plus and X. Apple has an opportunity to appeal the initial ruling, the court said the injunction banning sales of the affected

iPhones can only be imposed with immediate effect if Qualcomm laid down a security deposit amounting to USD765 million.

Zippo ‘Clink’!

Zippo lighters were first launched nearly 8 decades ago! They have since been used in nearly 2000+ movies and innumerable music videos to add that extra tinge of ‘charm’ and ‘class’. The ‘clink’ sound of the lighter opening and closing, gained popularity across the globe. Zippo lighters particularly became famous as they are “windproof” in nature and are able to stay lit in harsh weather, due to the design of the windscreen and adequate rate of fuel delivery.

An interesting consequence of the wind proofing is that it is hard to extinguish a Zippo by merely blowing out the flame. Only if the flame is blown from the top down, will it easily be extinguished. The proper way to extinguish the lighter is to close the top half, which starves the flame of oxygen, but unlike other lighters, this does not cut off the fuel supply. One of the recognizable features of Zippo is the fact that it burns with the help of a wick. Opening the top lid produces an easily recognizable “clink” sound for which Zippo lighters are known. This noise is produced by the spring-loaded toggling cam, a little lever that keeps the lid closed or opened securely. Unlike disposable lighters, new Zippo lighters purchased do not contain fuel.

Why are we talking about the Zippo ‘clink’?

Well, this ‘clink’ sound of the Zippo has recently been granted a sound trademark by the USPTO. In furtherance to this grant by the USPTO, the ‘clink’ sound of the Zippo is now a part of the ASMR. ASMR is the acronym for Autonomous Sensory Meridian Response which is a technique that creates soft noises which some find satisfying and relaxing.

Also, the Zippo ‘clink’ is not the only sound to be trademarked, sounds like the MGM Lion roar (didn’t you have that roar flash in your head?) and The Hunger Games’ mockingjay whistle have also been granted trademarks by the USPTO.

Devil Lies In The Detail While Levi’s Does In The Pocket Tab!

Gone is the trend when brands were known only by their names. Now, the product itself has unique characteristic features, designs or colours which indicate the brand. Be it Apple’s Apple, Christian Louboutin’s *Red Soles*, *W’s red W tag*, *USPA’s Jockey-and-the-horse-emblem* etc. Same is the case with Levi’s denim apparels. You see a small coloured tab on the right-hand side pocket and you know it’s a Levis.

It is interesting to note that Levi’s has protected its signature red/white/black tab in various jurisdictions under trademark laws. In furtherance of this protection, Levi’s has filed a suit against its contemporary brand Yves Saint Laurent (“YSL”) in California. Amongst other things, Levi’s has alleged that by copying its pocket tab YSL is diluting its trademark causing confusion among the consumers who generally associate the back pocket tab to Levi’s. This small tab is used by Levi’s to differentiate its jeans, pants, shirts, etc. from those of other brands since 1936.

It is noteworthy that while the Levi's tab is located on the inner seam of the pocket, YSL's tab is placed on the outer seam. However, from the standpoint of an average consumer with limited experience for differentiation, whether such differentiation is enough to dissociate the two brands or if there is a likelihood of confusions remains to be seen. The likelihood of confusion is less considering prices of products of the two brands would bifurcate the markets largely. Watch this space for more developments in the case.

Patent (Amendment) Rules, 2018

The Department of Industrial Policy and Promotion (DIPP) recently suggested an amendment to be made in the Patent Rules. The draft Patent Rules, 2018 (Amendment), were published earlier this month inviting any objections or suggestions. The salient features of the amended draft include improvisations made for International Applications, wherein, the applicant shall file all original documents electronically by uploading the scanned documents which have been duly authenticated. Further, in case the original documents are required to be submitted, they shall be submitted within a period of fifteen days, failing which such documents will be negated and be deemed to not have been filed. Additionally, there will be no transmittal fee for international applications filed through e-PCT, nor will there be any fee for preparation of a certified copy of priority documents and e-transmission.

As per the existing rules the following entities were eligible to apply for an expedited examination process:

- o The patent applicant is a start-up;
- o The patent applicant was a start-up at the time of filing the patent application;
- o The patent applicant has chosen India as an International Searching Authority (ISA) or as an International Preliminary Examining Authority (IPEA) in a corresponding PCT application.

However, the amendment now includes:

- o The patent applicant is a start-up;
- o The patent applicant is a small entity;
- o The patent applicant is a female applicant or at least one of the applicants being a female (in case of natural persons only);
- o The patent applicant is a government undertaking; and
- o The patent applicant who is eligible under an arrangement for processing an international application pursuant to an agreement between Indian Patent Office and another participating patent office.

The special inclusion of a female patent applicant as a part of the list of entities who are eligible to file for an expedited examination process is a clear attempt to encourage women entrepreneurship in the country and bridge the gender gap.

The amendment further includes a provision wherein similar to post-grant opposition, the pre-grant opposition will be decided by a Bench comprising two members which will constitute an order by the Controller. If the Bench differs in

opinion on any issue, the Controller will have the power to nominate a third member to the Bench and a majority decision will be treated as final.

This amendment indeed will expedite the patent grant process in addition to encouraging women empowerment in the country.

Clipping Off The Counterfeit Market!

FLAMAGAS, S A ("Flamagas"), a Spanish company incorporated in 1959, is engaged in the business of manufacturing and selling a wide range of refillable pocket lighters. Flamagas claims to have pioneered refillable gas lighters which are globally famous under its registered mark CLIPPER. The Clipper is a unique wing shaped lighter with an additional feature of a removable flint for refilling its fuel. Flamagas has protected this shape under trademark and copyright laws.

Flamagas along with its Indian counter-part filed a suit ***Flamagas, S A & Anr v. Mr. Ojas B Shah CS (COMM) 99/2017 & I.A. 15219/2015*** at the Delhi High Court, for trademark and copyright infringement against the defendant, Mr. Shah. The defendant was selling counterfeit lighters in which the characteristic shape of the Clipper was copied. The Court observed that a clear case of infringement was made out against Chandra Agencies (the name under which Mr. Shah was trading). The original and duplicate products are displayed below:



Flamagas's discreet investigations revealed that Chandra Agencies imported these counterfeit lighters from China for sale in Delhi and Kolkata.

There was no seizure and therefore Flamagas's claims of rendition of accounts, delivery of counterfeit stock, invoices etc. could not be granted. The Court also could not award damages to Flamagas due to insufficient evidence. However, since a case of infringement was apparent, exemplary costs which included lawyers' fees as well as court fees were awarded against the defendants.

Active Participation In Sale Can Make E-Commerce Websites Liable For Counterfeits!

The Delhi High Court in *Christian Louboutin SAS v. Nakul Bajaj & Ors*, CS (COMM) 344/2018, held that e-commerce websites, actively participating in the sale of goods/ services, are not *intermediaries* and can be held liable for misuse of trade marks on counterfeit products.

Darveys is an ecommerce website of the Defendant that sells products of luxury brands in India. Christian Louboutin, we believe, needs no introduction. Darveys was found selling counterfeit Christian Louboutin products. Further, Darvey's design and content gave a general impression that it was affiliated to Louboutin itself. Nakul Bajaj argued

that Darveys was merely acting as a link between the sellers and consumers. Darveys contended that the website should be considered as an intermediary under section 79 of the Information Technology Act, 2000 ("IT Act"). Section 79 protects intermediaries against third party information, data or communication link since they do not have any control over the information stored or transmitted. Here, the primary question before the Court was *whether the extent of involvement in the process of buying and selling of the products, made Darveys an intermediary or not*. The Court noted that none of the seller's sources were known or displayed on the website. The genuineness of the products was proclaimed by Darveys alone and the terms of service suggested that Darveys exercised complete control over the products. Darveys was also involved in the use of metatags of the brand names including those of Louboutin to attract user traffic. The Court held that, such active participation of Darveys is more than that of an intermediary and therefore it cannot invoke the safe harbour immunity under the IT Act. Darveys was held liable for misusing Louboutin's trademarks and proprietary rights and for sale of counterfeit products. The Court held that any e-commerce website, which allows displaying of counterfeit goods, would be falsifying the mark.

The Court directed Nakul Bajaj, to henceforth ask for evidence of genuineness of the product from the seller. If such evidence is not provided, the Court directed Darveys to take down such products from display. The Court further directed to disclose the details of these sellers on the website. Since there was no actual sale of Louboutin's products through Darveys, no order for damages was passed.