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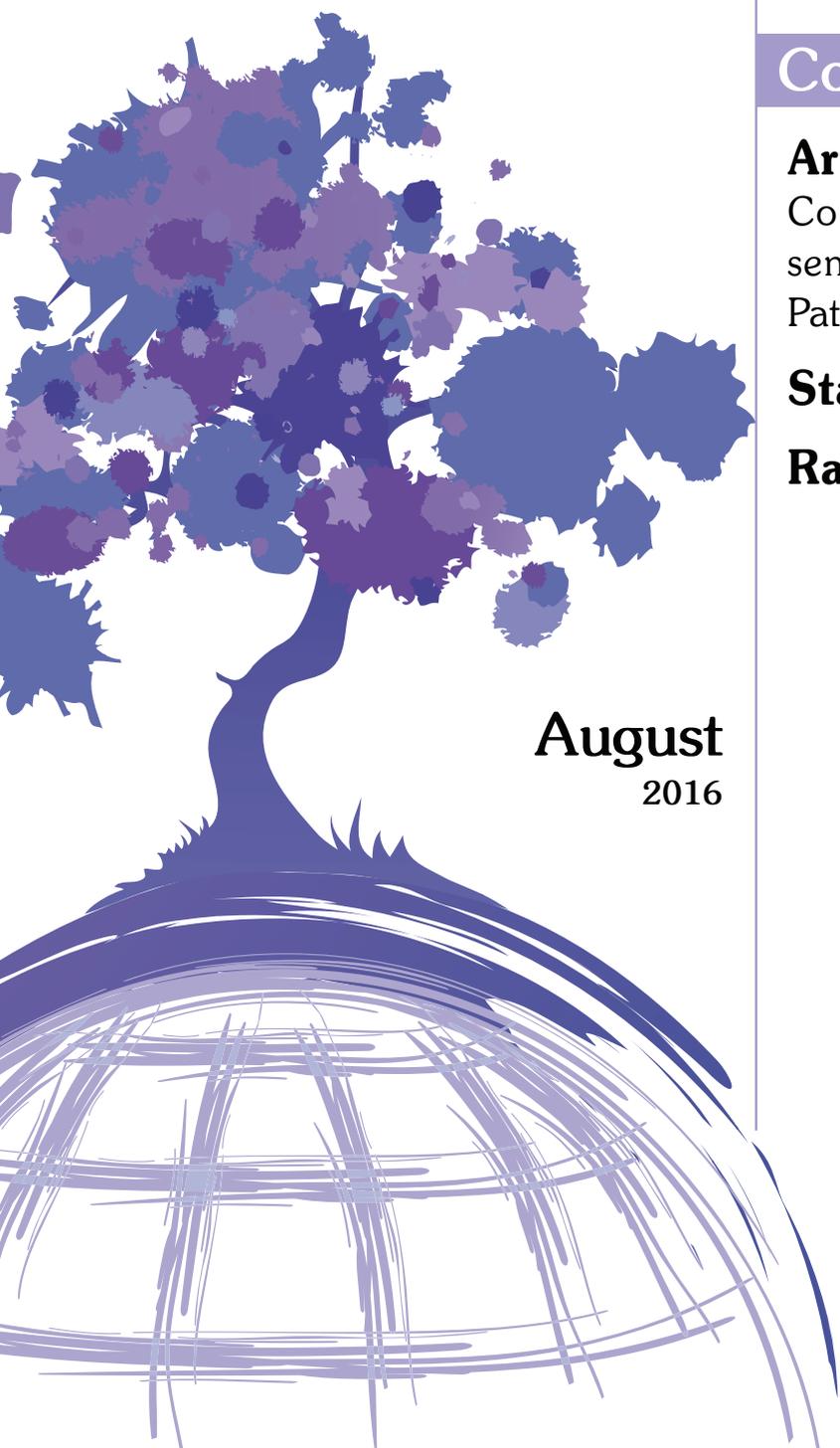
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## Article

### Controller overreach or common sense? - A tale of Section 83 of the Patents Act

By **Dr. Amitavo Mitra**

In IPR Amicus issue No. 49, dated August 2015, the interplay between the Biological Diversity Act, 2002 (BDA), and intellectual property rights in India, specifically, the Patents Act, 1970 (Act) was broadly explored, with particular reference to biological inventions.

In this article, we further attempt to explore and understand the evolving nexus between the BDA and the Patents Act, particularly during prosecution of applications which disclose the use of biological material(s). In recent Indian Patent Office (IPO) practice, it has been made abundantly clear that inventions which disclose the use of any biological material, not only limited to claims, if obtained from India, would be subject to the provision of Section 6, sub-section (1)<sup>1</sup> of the BDA. Further, the application will not be granted until compliance is sought and received by the Applicant. However, in this issue, we go beyond, and try to understand the mindset of IPO when it comes to the BDA.

While there is no provision in the Patents

Act directing the Controller to defer grant of a patent for want of BDA compliance, this is one of the few instances of very active and effective collaboration between two different organisations.

In two recent orders passed under Section 15 of the Patents Act by the Kolkata Patent Office, dated 29th January 2016<sup>2</sup>, and 3rd March 2016<sup>3</sup>, the applications were refused under Section 83<sup>4</sup> of the Patents Act, particularly with reference to sub-section (a)<sup>5</sup> and (g)<sup>6</sup>. In both the applications, the Applicant had disclosed the use of certain biological material which were otherwise sourced from outside India.

In the first order, the Controller in his refusal had reasoned that as the imported biological material is also available in India in commercial scale, if the same is instead imported from outside India, it is unclear as to whether the product will be available to the public at a reasonable price or not. As per the Controller, this supposed deficiency defeats the intent of Section 83(a), and (g). The Controller further

<sup>1</sup> “No person shall apply for any intellectual property right, by whatever name called, in or outside India for any invention based on any research or information on a biological resource obtained from India without obtaining the previous approval of the National Biodiversity Authority before making such application: Provided that if a person applies for a patent, permission of the National Biodiversity Authority may be obtained after the acceptance of the patent but before the sealing of the patent by the patent authority concerned: Provided further that the National Biodiversity Authority shall dispose of the application for permission made to it within a period of ninety days from the date or receipt thereof”.

<sup>2</sup> Indian patent application number 1079/KOL/2009

<sup>3</sup> Indian patent application number 852/KOL/2010

<sup>4</sup> Section 83 of the Patents Act relates to General principles applicable to working of patented inventions

<sup>5</sup> “that patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practiced without undue delay”.

<sup>6</sup> “that patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public”.

observed that in light of the provisions of Section 83(a), and (g), necessary permission from the National Biodiversity Authority (NBA) ought to be taken.

In the second order, in a similar fashion, the Controller in his refusal reasoned that the intent of Section 83(a), and (g) is defeated as the biological material is available and commercially produced in India, thus it is unclear as to how the product would be made available to the public at a reasonable price. The Controller also directed obtaining prior NBA approval.

Firstly, the Controller in the twin orders has reasoned that since it is not clear as to how the product will be available to the public at a reasonable price, Section 83(g) of the Patents Act is attracted. The Controller has given no basis for his assessment or how he has arrived at the conclusion. In fact, the language in the order is suggestive that the Controller has in fact, not arrived at any definitive conclusion as to how the invention, if made from imported material, would not be reasonably priced for sale in India. Secondly, there is no clarity as to what is “reasonable” as can be found in Section 83(g). What yardstick did the Controller employ in determination of scope of the said section? The lack of objectivity is suggestive that rejection on this ground alone is arbitrary in nature.

Thirdly, it would suggest that the element linking Section 83(a) to the particular order(s) would be the term “reasonably

practicable”. Again, the order does not deal with the interpretation to the term “reasonably”, “practicable” or “reasonably practicable”. In fact, no light has been shed on any reasonable quantification of the terms which may help explain the relevance of Section 83(a) in the particular instance. It perhaps may be hypothesized that the order alludes to the financial aspect of “reasonably practicable” as mentioned in Section 83(g).

Fourthly, the Controller has mentioned the fact that the Applicant is of India origin. Does this have any implication on the invocation of Section 83 in these particular cases? Does this imply that Indian applicants, should only source biological material from India? Would Indian applicants be held to a different if not higher standard of compliance? Will foreign applicants also fall under the ambit of Section 83? These are some very practical and pertinent questions which remain unanswered at this point of time. Most importantly, in examining a patent application for grant, is there a statutory requirement to take into account section 83?

Fifthly, the Controller in his order has unambiguously stated that in view of the availability of the biological materials (used in the patent applications) in India in commercial scale, and the scope of Section 83(g) of the Patents Act, NBA approval should be taken. Section 6 of the BDA however, clearly states that prior approval is required only if the biological resource is obtained from India,

which would imply that the applicant would have no legal obligation to seek prior NBA approval. However, the orders discussed herein begs the question as to whether the Controller intends to bring under the ambit of the BDA, Indian applicants or for that matter any applicant who uses any biological material, which is also otherwise available in India in a commercial scale? Is this a backdoor for NBA to force applicants to (at the very least) file an application seeking approval to file for intellectual property rights? If the applicant does not use any biological material obtained from India, but is forced to come to NBA in light of the two orders by the Indian Patent Office, what is the relevance of Section 6 of the BDA? Even if one were to consider that an applicant seeks and receives approval from the NBA where the applicant expressly discloses use of foreign biological material as directed by the IPO, does the NBA have the mandate to give such approvals in such matters?

Lastly, it is to be noted that Section 83 of the Patents Act is in Chapter XVI, which is titled “Working of Patents, Compulsory Licences and Revocation”. In fact, the title of Section 83 is “General principles applicable to working of patented inventions”. This suggests the various sections included under the said Chapter relate necessarily to post grant actions. Do the orders represent “overreach” of the powers vested in the Controller? How can the applicant or the patent office reliably determine future compliance with Section 83(g) of the Patents Act or, for that matter any of Section 83?

It may be in the interest of the nation, and its people that the principles of Section 83 of the Patents Act are complied with by the applicant upon grant of the patent. However, necessitating prior compliance along with NBA approval is not expected by the Statute. At least one reason being that such compliance is purely speculative in nature, and highly subjective, both of which lead to more ambiguity in the matter, and do not lay down any clear roadmap for others to follow.

These twin orders raise a lot of questions, which may seriously prejudice the interests of both Indian and foreign applicants applying for patent rights in India, particular those involving to biological materials. If one were to interpret the order that the IPO expects applicants, domestic and foreign alike, to use biological material sourced from India (if available commercially), and consequently seek NBA approval, this would put an undue burden on the applicant anywhere in the world, and may in fact detract from filing for intellectual property rights in India.

Lastly, it would be interesting to see if the orders are challenged at the Intellectual Property Appellate Board or the High Court by the applicant and how the metes and bounds of Section 83 are interpreted by the higher bodies. In all probability the orders will be set aside as *ultra vires* the Patents Act and BDA.

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## Statutory Update

### Trademark - Generation of registration certificate through automated system

From August 1, 2016 trademark registration certificates are being generated through an automated system. Public Notice dated 28-7-2016 issued in this regard states that the registration certificate will be transmitted to the applicant or authorised agent as per the records available with the office. This will apply to all trademark applications published in the Trademark Journal 1720 dated 23-

11-2015 and thereafter. There should be no pending compliance requirement like fee or Power of Attorney, no specific prohibition for registration by any order of IPAB or Court or any competent authority and no request for amendment should be pending for disposal. Where the application is not capable of being processed by the automated system due to any reasons mentioned above, it will be processed under the present system for trademarks, on a case to case basis.

## Ratio Decidendi

### Websites containing pirated/illegal content to be blocked, and not URLs alone

The Division Bench of the Delhi High Court has allowed the review petition and recalled its order dated March 10, 2016 which restricted the span of the *ex-parte ad-interim* injunction by directing that the specific URL should be blocked. The Court restored the *ex-parte* order granted by the Single Judge that the entire websites of defendants, carrying illegal and pirated content, be blocked. The Court in this regard justified the stringent measure to block the website as a whole, as it observed that blocking a URL only may not suffice due to the ease with which a URL can be changed. Further it also took note of the fact that number of URLs of the rogue websites cumulatively would be approximately 20,000 and that it would be a gargantuan task for the respondent to keep on identifying each offending URL.

On the issue of directions to the appellant (Department of Telecommunications as also the Department of Electronics and Information Technology, Government of India) to ensure compliance with the *ex-parte* order, the Division Bench held that, it is the duty of the Government, its instrumentalities and agencies to assist in the enforcement of orders passed by the Courts. The Court was of the view that the direction issued by the Single Judge caused no injury to the department and that the concern relating to freedom of trade on the internet, on the facts of the instant case, was misplaced. [*Department of Electronics and Information Technology v. Star India Pvt. Ltd.* - R.P.131/2016 in FAO (OS) 57/2015, decided on 29-7-2016, Delhi High Court]

### Trademarks – No case of passing off in use of word ‘Privee’

The High Court of Delhi has dismissed the

suit for permanent injunction to restrain the defendant from using trademark “PRIVEE” or any other trademark or logo / device which is identical or deceptively similar to the plaintiffs’ trademark “MBD PRIVE” and “PRIVE” or which incorporates the word “PRIVE”. The Court was of the view that Radisson and Shangri-La are two well-known international brands in the hospitality industry which are identified by the patrons and that nobody is likely to associate a nightclub in Shangri-La Eros Hotel, even if by the same name, as an exclusive wing of the Radisson Blue MBD Hotels. Dismissing the suit in *limine*, without giving an opportunity to the plaintiff to prove that the mark has acquired distinctiveness, the Court noted that the word ‘PRIVE’ is a French word meaning ‘private’ or ‘a private place’ in English. It was used in other hotels as well, being common to the hospitality industry particularly the hotels, with areas/zones in hotels which are not meant to be accessible to all the guests of the hotel being marked therewith. Arguments relating to prior use and turnover were also rejected by the Court while it placed its reliance on the Supreme Court Judgement in the case of *Satyam Infoway Ltd.*, setting principles in case of passing off. Finally, it was held that without establishing a case of such generic word having acquired a secondary or special meaning so as to denote only the plaintiffs, they cannot maintain an action for passing off. [*Bright Enterprises Private Limited v. MJ Bizcraft LLP* – Judgement dated 8-8-2016 in CS(COMM) No.850/2016, Delhi High Court]

## Trademarks in domain name – Bonafide adoption of corporate name as domain name, correct

In a suit alleging trademark infringement, dishonest adoption and passing off, where the cause of action arose out of use of a domain name, the Bombay High Court has held that every domain name cannot form subject of trade-mark protection. The Court was of the view that use of the mark “Raymond” by the defendants in its domain name “raymondpharma.com” would not lead to “initial interest confusion” inasmuch as no netizen who comes across the said domain name be so confused initially that she or he would mistake the site as that of the plaintiff. It was held that the defendant had bonafidely adopted the domain name because they were using the name ‘Raymond Pharmaceuticals Ltd.’ as their corporate name since long and that the domain name clearly identifies the business which is not carried on by the plaintiff. The fact that the Court has already held that use of the word “Raymond” and the defendants corporate name is not actionable as infringement of the mark, was also taken note of by the Court here, while it observed that words ‘raymondpharma’ and ‘Raymond’ cannot be said to be corresponding names.

Additionally, the Court in this regard was of the view that a domain name may also constitute a trademark if used for the purposes of identifying the source of goods or services, but every domain name which is registered does not necessarily have to correspond with

trade-marks. Noting that the plaintiffs had not sought prayer for transfer of the defendants' domain name, it was held that it was not a case of cybersquatting but of alleged misuse of the Plaintiffs registered mark. [*Raymond Limited v. Raymond Pharmaceuticals Pvt. Ltd.* - Notice of Motion No. 230/2015 in Suit (L) No. 957/2014, dismissed on 20-7-2016, Bombay High Court]

### **Territorial jurisdiction of court in a suit against cancellation of compulsory licences**

In a suit relating to cancellation of compulsory licences, the Division Bench of the Delhi High Court has reversed the Order of the Single Judge Bench that the exclusive jurisdiction clause in the voluntary licence agreements between the parties, would operate as a jurisdictional bar on court in Delhi. The Division Bench, in this regard, was of the view that since the present suit was with regard to the compulsory licences and, in particular, the cancellation of the compulsory licences, voluntary licence agreement would not come into play at all.

The fact that the compulsory licences were granted by the Registrar of Copyrights in Delhi was important for the purposes of considering the plea of territorial jurisdiction. The High Court held that both the issuance of the compulsory licences and the cancellation thereof constituted the bundle of facts, which could be referred to as the 'cause of action', providing jurisdiction to the Delhi High Court. [*Music Broadcast Limited v. Axis Bank*

- FAO (OS) 65/2016 & CM Nos.7679/2016, 9934/2016, decided on 28-7-2016, Delhi High Court]

### **Copyrights in drawings of products**

A Division Bench of the Delhi High Court has upheld the single Judge Bench order wherein the Court had rejected ad-interim injunction for copyright claims, stating that colour and colour combination by virtue of Copyright Act, cannot result in exclusivity under the law. Going through the facts of the case, the Court upheld the conclusion of the lower court that *prima facie*, the designs in respect of which temporary injunction was claimed, were part of the public domain over which protection could not be claimed. Rejecting the claim of copyright in drawings made for the purpose of production of the product, and that the drawings were 'artistic works' under the proviso of Section 2(c)(i) of the Copyright Act, 1957, the Court observed that language of Section 15 of the Copyright Act makes it clear that copyright does not subsist in a registered design. The Court was of the view that the question of asserting a copyright infringement claim, independently, when the design protection subsists, but infringement has not been *prima facie* established, cannot arise at all.

On question of originality, noting that not every effort results in copyrightable work, it was held that drawings, in the present case were of commonplace every day articles used in households (containers for storing food) and therefore idea expression doctrine

itself would *prima facie* prevent copyright protection. Finally, on passing off, it was held that distinctiveness of the shape of the product-asserted to be unique or solely associated with the plaintiff was not pleaded and established by the plaintiff. [*Dart Industries Inc. v. Techno Plast* - FAO (OS) 326/2007, decided on 21-7-2016, Delhi High Court]

### Trademark infringement – Establishing similarity of mark and irreparable loss

The Delhi High Court has affirmed and made absolute the interim Order by way of which it had granted *ex parte ad-interim* injunction order restraining the defendants from using the mark ‘Peter England’. The Single Judge of the Court observed that the Plaintiff was able to establish all the three basic ingredients, namely a strong *prima facie* case;

balance of convenience; and irreparable loss for grant of ad-interim injunction. It was also noted that the Defendants failed to disclose any ground for vacating the interim order.

Referring to both the trademarks, the court was of the view that Plaintiff’s trademark ‘PETER ENGLAND’ was similar to the Defendants’ trademark ‘PETER ENGLAND VIP SHOES’. It was noted that according to the website of the Trademark Registry, the trademark was registered in name of the plaintiff and that defendant’s registration stood opposed. Further, observing that use of the trademark by the plaintiff was prior to the use as claimed by the defendant, the Court rejected the application of the defendants. [*Aditya Birla Nuvo Limited v. R.S. Sales Corporation* - CS(COMM) 644/2016, decided on 28-7-2016, Delhi High Court]

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