

amicus

An e-newsletter from Lakshmikumaran & Sridharan, New Delhi, India

November, 2013 / Issue-28

Contents

Article

Brazilian patent law – Proposed reforms inspired by Indian law 2

Ratio Decidendi 3

News Nuggets 5



November
2013

Article

Brazilian patent law – Proposed reforms inspired by Indian law

By Vindhya Srinivasamani & Adarsh Ramanujan

Brazil was the fourth country in the world to enact a patent law (in 1809) and it was also a founding member of the Paris Convention in 1882. Therefore, while Brazil is not new to a patent regime unlike other developing nations, there has been a recent legislative review that may lead to major patent law reforms. The Parliamentary Committee released a report titled “*Brazilian Patent Reform: Innovation Towards Competitiveness*” on October 9, 2013 at an event held at the Brazilian Chamber of Deputies. Some of the proposals include eliminating patent term extensions and data exclusivity, restricting patents on new forms and new uses of known substances, heightening the inventive step requirement (following the ruling in the *Novartis* case by the Indian Supreme Court), adopting government use procedures, and clarifying the role of Brazil’s drug regulatory agency in the patent examination system. This report was developed through a long consultative process consisting of over seven workshops in 2011 and 2012, by a technical team. This article seeks to review some of the key reforms proposed in this report.

Limiting patent term to 20 years with no extensions

Article 2 of the proposed Bill No. H.R. 5402/2013 limits patents to a 20-year term by revoking Article 40 of Law no. 92790 of 14th May, 1996 which grants patent protection beyond 20 years where the time taken for granting a patent exceeded 10 years. Article 33 of the TRIPs only mandates that the term of protection for a patent shall not end before the expiration of a period of twenty years

counted from the filing date and therefore, granting any further extension of the term is only a “TRIPs +” measure. This would make Brazil’s laws more akin to the Indian position, where similar patent term extensions do not exist.

Disallowing patents on new uses or new forms of known substances

Article 3 of the proposed Bill No. H.R. 5402/2013 seeks to amend the law to add the following exclusions to patentable subject matter:

“The following are not considered to be inventions or utility models:

X – any new property or new use of a known substance, or the mere use of a known process, unless this known process results in a new product;

XI – new forms of known substances that do not result in an improvement in the known efficacy of the substance.

For the purposes of this article, salts, esters, ethers, polymorphs, metabolites, pure form, size of particles, isomers, mixtures of isomers, complexes, combinations and other derivatives of a known substance shall be considered the same substance, unless they significantly differ in terms of properties regarding efficacy.”

One would immediately notice that the exclusion mirrors Section 3(d) of the Patents Act, 1970, the constitutional validity of which was upheld by the Madras High Court in *Novartis v. UOI*. Recently, the Supreme Court in *Novartis A.G. v. UOI & Ors.* [(2013) 6 SCC 1], recognized Section 3(d) as setting up a second tier of qualifying standard, under which new forms of known pharmaceutical substances may be considered patentable subject matter only if evidence as to enhanced *therapeutic*

efficacy (its ability to cure a disease or treat a condition) is presented. Other physio-chemical advantages not connected with *therapeutic* efficacy would be considered irrelevant to the analysis.

The Report argues that the proposed amendment is in line with Brazil's TRIPs obligation. Referring to Article 27.1 of the TRIPs, it has been argued that terms "new", "inventive step" and "industrial application" are not specifically defined, granting members the interpretive freedom to adopt loose or strict standards of patentability according to their own needs and circumstances. It is this "constructive ambiguity" that the Report relies upon. According to the Report, inventions forbidden by the proposed provisions are, and should be expressly understood, as mere codifications of longstanding requirements of patent law. The proposed provisions thus represent the considered view of the drafters that new uses and new forms of existing substances (without significantly enhanced efficacy) should not be considered "inventions" *per se* due to lack of novelty and/or inventive step. New uses are ordinarily discovered through routine/obvious investigations of existing substances and thus lack novelty and/or inventive step.

Heightening the inventive step requirement

Article 3 of the proposed Bill No. H.R. 5402/2013 seeks to amend Article 13 of the current law which states that "*The invention carries inventive activity*

when, for a person skilled in the art, it does not derive in an obvious or evident manner from the state of the art" by adding the phrase, "*provided it represents a significant technical advance in regards to the state of the art.*" Effectively, this addition would bring the definition of "inventive step" in Brazilian law along the lines of the definition of "inventive step" in Section 2(ja) of the Patents Act, 1970. The Report refers to how jurisdictions around the world are taking steps to tighten-up the inventive step analysis and informs that the proposed heightened standard is merely in continuation of this trend.

Conclusion

Brazil has historically shown leadership in promoting and defending access to affordable medicines such as by way of compulsory licenses (or threats to issue such licenses). The proposed reforms can be seen as evidence of continuing international momentum from developing countries towards enabling better access to medicines. The patent system is being considered as one of the key elements in this matrix and the proposal in Brazil indicates the increasing trend in tweaking patent systems in order to effectuate a public policy goal.

[The authors are respectively Associate and Principal Associate, IPR Practice, Lakshmikumaran & Sridharan, New Delhi]

Ratio Decidendi

Compulsory License application rejected for failure to make 'credible attempts'

By order dated 28th October, 2013 the Controller General rejected the Compulsory License (CL) application C.L.A. No. 1 of 2013 on the ground that the applicant had not made any credible

attempt to procure a license so as to satisfy the statutory requirement under Section 84(6)(iv), which mandates that the applicant must have negotiated in good faith for at least 6 months

(‘reasonable period’). The applicant had sought the grant of a compulsory license to manufacture a generic version of Chronic Myeloid Leukemia drug Dasatinib on 4-3-2013 almost a year after the patentee had responded to the applicant’s request for license, seeking certain information. The applicant argued that these amounted to delaying tactics and it had no option but to seek CL. The Controller held that having failed to engage in a dialogue with the patentee, the applicant had not followed either the scheme of law or the procedure laid down. Thus, it did not make out a “prima facie” case for the grant of a CL. [*BDR Pharmaceuticals International v. Bristol Meyers Squibb*, Order of Controller General of Patents, dated 29-10-2013]

Trademarks – Removal from register when challenge to claim of proprietorship not traversed

Intellectual Property Appellate Board (India) has removed the trademark “VAGABOND” from the register observing that the mark was already under use by another entity (appellants here) around the world. Holding that the root of any trademark application is an assertion under Section 18(1) of the Trademarks Act, claiming to be the proprietor of the mark applied for, the IPAB noted that challenge to the respondent’s claim to proprietorship of the trademark, was not traversed by the respondents. The Board also noted that the appellants were undisputedly using the trademark outside India and intended to use same in India after registration. Impugned mark which was found to be a blatant copy of the appellant’s mark was hence ordered to be removed observing that registration of the impugned mark defeated the objective of the trademarks law in India which is to ensure orderly marketing of goods and services.

[*Vagabond Skor Varberg AB v. VAGABOND S.P.A.* – IPAB Order No. 225/2013, dated 25-10-2013 in ORA/82/2006/TM/DEL].

Trademarks – Use not proved by registration alone

Intellectual Property Appellate Board (India) has allowed rectification application of a confectionary major in respect of various trademarks of another major, concerning word ‘Eclairs’. In respect of three applications, the Board, noting that the respondents had filed only registration certificates obtained in various countries, held that just registration alone will not help the respondents to prove their use when there is not a single evidence to show or prove user. It noted precedent decisions wherein it was held that if the respondent does not rebut the ground of non-user, it is proved that they have not used the mark even after several years of registration and the mark shall be cancelled for non-user. In respect of another rectification application, ground of non-user, for a period of 5 years and 3 months, was not accepted as the mark was registered in the year 2002 and the application for rectification was filed in the year 2005. [*ITC Limited v. Cadbury Schweppes Overseas Ltd.* - IPAB Common Order No. 239/2013, dated 31-10-2013].

Scope of assignment of future copyrights

At issue were the rights of the respondent (PRS) over the song composed by two members of PRS, who had subsequent to their enrolment, been commissioned to write music for a film. The song was broadcast by the appellant and the respondent claimed its rights had been infringed. The appellant’s argument was that in terms of the agreement between the composers and PRS, transfer of rights in respect of future copy right which ‘will or may’ come into existence could not

cover the impugned song, since the composers were never owners of the song themselves. It was the property of the production house which commissioned it, the moment it was created.

The Court ruling in favour of the respondent held that it was not necessary to decide if the composers became owners and it was sufficient that they might have become owners. The agreement operated as a present assignment of future rights and would take priority over the commissioning agreement because it was first in time. Hence, rights over a song written by a member pursuant to a later commissioning agreement will be a right which the member “may acquire or own”. [*B4U Network (Europe) Limited v. Performing Right Society Limited*, [2013] EWCA Civ 1236 (16 October 2013)]

Legal practitioner can file notice of opposition as per Form TM-5

Observing that it was a hyper-technical objection, the IPAB held that as a ‘person acquainted with the facts’ of the case, the advocate or legal practitioner could sign the notice of opposition. Refusing to agree with the contention of the appellant, it stated that Rule 25 (1) of Trademarks Rules mandating signing by applicant or agent would not apply to opposition. It pointed out that as per Section 145 of Trademarks Act which deals with ‘any act’ required to be performed would cover filing of notice of opposition. [*Raj Ratan Appliances v. Maya Appliances*, IPAB Order No. 243/2013, dated 30-9-2013]

News Nuggets

EPO announces changes in requirements for filing of divisional applications

Amendments to Rules 36, 38, and 135 European Patent Convention (EPC) are set to come into effect from 1-4-2014. It will enable the filing of divisional applications as long as the earlier (parent) application is pending. The new provisions will apply to divisional applications filed on or after 1-4-2014. Currently there is a twenty-four month time limit for filing divisional application. This is being repealed. The current provisions were brought in, in 2010 amidst various objections including, the plea that stringent timeline would force applicants to file divisional applications more as a matter of caution so as to be within the timeframe rather than out of necessity.

Dynamic trademark utility launched by Indian IP office

Moving towards greater digitisation and computerisation, the Indian IP office announced the launch of Dynamic Trademark Utility on 1st November, 2013. The utility allows the user to obtain information on examination of trademark applications, show cause hearings, publications in the trademark journal, registrations of trademarks, etc by viewing the reports which have been uploaded. The Controller General of Patents, Designs and Trademarks has also issued a public notice [No: CG/TMR/efiling/34] on 7th November, 2013 informing that reply to examination reports can be filed online and supporting documents can also be uploaded through the *Comprehensive e-filing services for trademarks* link.

When infringement transforms to fair use and benefits society

In what is being reported as a victory for the search engine giant as well as smaller organisations and individuals perhaps engaged in similar pursuits, the United States District Court of Southern District of New York held that while *prima facie* there may be infringement, there was sufficient transformation in what was offered to the public, thus making it a case of fair use. The *Authors Guild* (plaintiff) claimed that by scanning more than twenty millions books, providing verbatim snippets of text to aid in searching and retaining scan copies of books, providing such complete scans to libraries, *Google* (defendant) had infringed their rights.

Even while, quoting *Bill Graham Archives, 448 F.3d at 613* (“copying the entirety of a work is sometimes necessary to make a fair use of the image”), it was held that it worked against the plea of fair use. However, since some of the pages were never available to a user and *Google* ensured that it was not possible to get complete copies of books by giving successive search

strings, it did not negate fair use defence. What worked in favour of fair use was that digitizing and making books search enabled improved reach and particularly for the disabled and underserved, remote populations. As per various *Amici* briefs, it had emerged as most important search tool and helped libraries to conserve rare books as well as optimise their resources, find books etc. An important argument raised by the appellants was that *Google* was a for-profit organisation and even if it did not sell the scans, it did benefit commercially. However considering the fact that, several educational purposes were served paled the commercial angle to lesser significance.

Another factor which lent strength to the plea of fair use was that most of the books were non-fiction books and already published. The plaintiff’s argument of eroding the market or supplanting books also fell flat since it was held that *Google Books* worked like traditional in-store book displays to increase awareness about books and potential readers came to know about it.

Disclaimer: *IPR Amicus* is meant for informational purpose only and does not purport to be advice or opinion, legal or otherwise, whatsoever. The information provided is not intended to create an attorney-client relationship and not for advertising or soliciting. Lakshmikumaran & Sridharan does not intend to advertise its services or solicit work through this newsletter. Lakshmikumaran & Sridharan or its associates are not responsible for any error or omission in this newsletter or for any action taken based on its contents. The views expressed in the article(s) in this newsletter are personal views of the author(s). Unsolicited mails or information sent to Lakshmikumaran & Sridharan will not be treated as confidential and do not create attorney-client relationship with Lakshmikumaran & Sridharan. This issue covers news and developments till 18th November, 2013. To unsubscribe, e-mail Knowledge Management Team at newsletteripr@lakshmisri.com

www.lakshmisri.com

<http://cn.lakshmisri.com>