



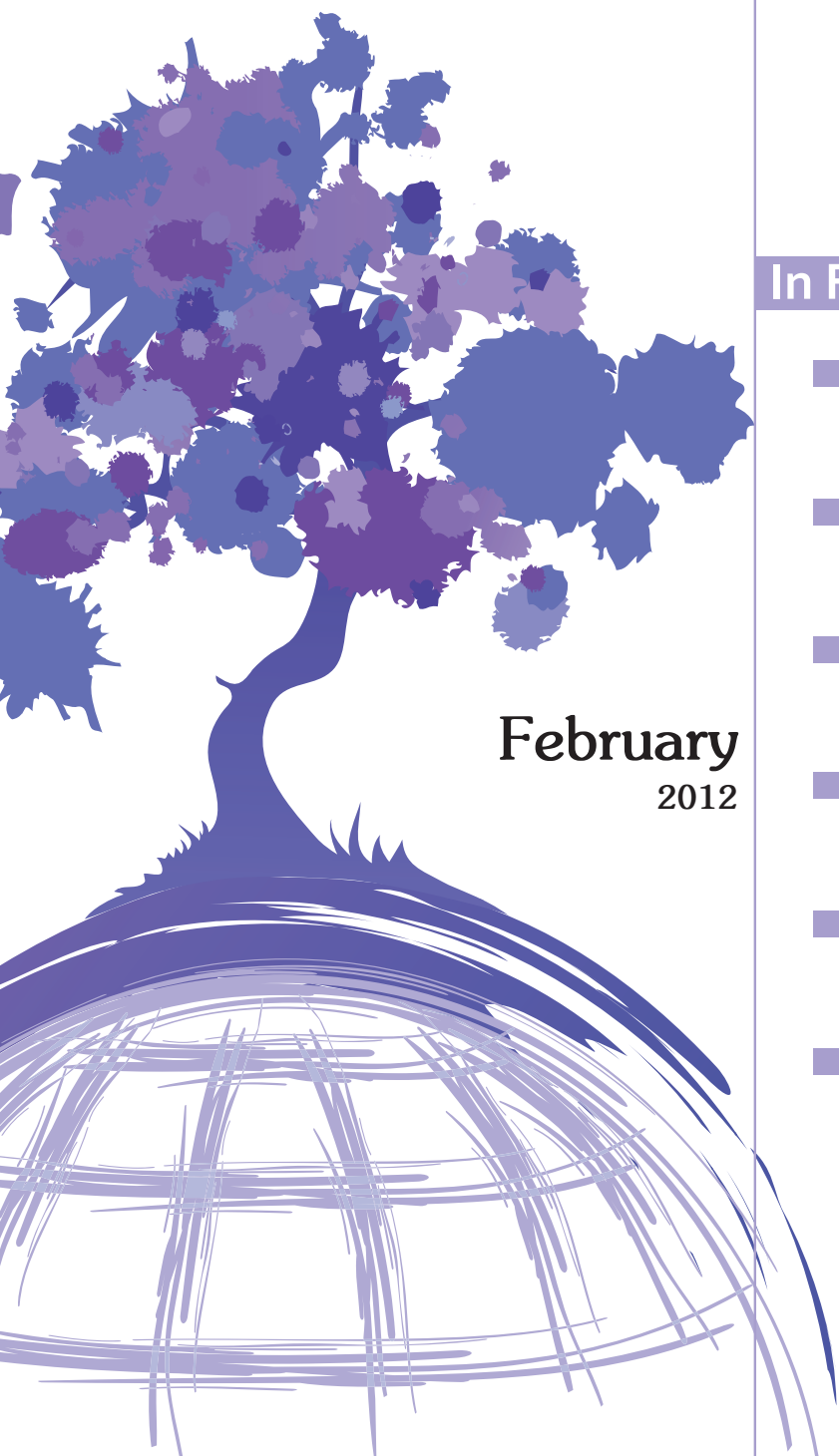
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Article

Discretionary powers of the Controller – Rules 137 and 138

By **Ranjan Matthew**

The year 2011 witnessed two important High Court judgments - *Nokia Corporation v Deputy Controller of Patents and Designs* [W.P.No.2057 of 2010 and M.P.No.1 of 2010 - High Court of Madras] (*Nokia case*) and *Nippon Steel Corporation v Union of India* [W.P. (C) 801 of 2011 - High Court of Delhi] (*Nippon Steel case*) regarding, *inter alia*, procedural timelines that need to be adhered to during patent prosecution and the discretionary powers of the Controller under the Patents Act, 1970 (“the Act”) to extend the time-lines and condone delays in appropriate cases. It is important to discuss the principles laid down in both these decisions and the apparently contrasting manner in which both decisions have approached the issue before them.

Whereas the *Nokia case* dealt with the powers of the Controller to allow a national phase application to be filed beyond the 31 month deadline, the *Nippon Steel case* dealt with the powers of the Controller to allow an amendment of priority after the applicant had failed to file a request for examination within the 48-month deadline.

In the *Nokia case*, the High Court of Madras held that *if the Controller thinks fit, i.e.*, upon the applicant showing sufficient cause for the delay, applicants wishing to file a national phase application in India could do so within 32 months from the earliest priority date. Therefore, a national phase application along with petition under Rule 138 of the Patent Rules, 2003 can be made within one month after 31 months has elapsed from the earliest priority of

the international application. The Court specifically noted that the ‘prescribed period’ under Rule 138(2) included the one month extension period and hence, so long as an appropriate application under Rule 138 is moved within one month from the 31 month deadline, the Controller had to exercise his discretion in deciding whether to extend the time-line or simply dismiss the application. In the course of its judgment, the High Court of Madras noted that the courts and the Controller ought to act in a manner so as to do substantial justice.

On the other hand, in the *Nippon Steel case*, the High Court of Delhi held that once the 48-month time-period for filing a request for examination (RFE) has elapsed, the patent application was deemed to have been withdrawn under Section 11B (4) of the Patents Act. Hence, logically, there was no patent application in the eyes of the law and consequently, a request for amending the priority date under Section 57(5) could not be accepted after the 48 month time period to file the RFE had elapsed. Interestingly, the Court held that time-lines prescribed in the statute and/or the rules are not merely ‘directory’ in nature but rather, are mandatory, which need to be strictly complied with.

Recent decisions of the IPO, New Delhi

In two of the decisions¹ rendered on 1st August 2011, the Delhi IPO had the occasion to deal with facts similar to ones in the aforesaid cases. In both the cases, the national phase entry date was missed and was attributed to docketing error and non-receipt of e-mail. Petitions, *inter*

¹ Order 1 – Applicant: Information in Place Inc. USA: <http://124.124.193.235/decision/1494-DELNP-2010-787/1494-delnp-2010.pdf> and Order 2 – Applicant: Abbott Laboratories, USA: <http://124.124.193.235/decision/5402-DELNP-2011-789/5402-DELNP%202011.pdf>

alia, under Rules 137 and 138 were filed in both cases, with a request to condone the delay, obviate irregularity in procedure and extend procedural formality deadlines (national phase entry and RFE filing), which were rejected by the Patent Office.

Regarding the petitions under Rules 137 and 138, the Deputy Controller disregarded the Nokia case and instead chose to rely on the *Nippon Steel* case. The Deputy Controller was of the view that since the *Nippon Steel* case was more recent and the Delhi IPO fell under the jurisdiction of the Delhi High Court rather than the Madras High Court, he was to apply the principles enunciated in the *Nippon Steel* case. The Deputy Controller also held that in view of the opinion rendered in the *Nippon Steel* case, the time-lines prescribed in the Act and the Rules are all mandatory in nature and no relaxation of statutory deadlines can be read into the law. Hence, in both the cases, the petitions under Rules 137 and 138 were rejected.

Even on facts, the Deputy Controller was of the view that the ground of ‘docketing error’ did not constitute sufficient cause to justify the extension of time since the same was an internal issue of the agent, which ought to have been addressed by the applicant/agent. The Deputy Controller also highlighted that there was no evidence that this alleged ‘docketing error’ resulted in similar delays in other countries as well. The Deputy Controller further

went on to state that there was no evidence to show that ‘due care’ was taken by the applicants. He also noted that India had not agreed to the reinstatement of priority rights with WIPO, as provided for under Rule 49.6 of the PCT Regulations. Accordingly, the authority was of the opinion that there was no reason for condoning the delay, the effect of which would essentially be to restore the lost priority rights. Therefore, the request for extension of time beyond 31 months could not be allowed and the delay in filing the national phase application could not be condoned.

Future outlook

The rejection of the petitions under Rules 137 and 138 is likely to be challenged in the light of the fact that the order of the Madras High Court was specifically on the 31 month deadline and hence was more specific to the case on hand than the order of the Delhi HC. However, one trend seems to be clear – the IPO, Delhi, would probably reject petitions under Rules 137 and 138 if the cause argued by the applicant relates to internal problems of the applicant/agent, such as docketing errors or non-receipt of e-mails. While it remains to be seen how the other branch offices of the IPO would apply this rule in practice, applicants should avoid taking the Controller’s discretion under Rules 137 and 138 for granted.

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IPR LAW & PROCEDURES

International Non-proprietary Names (INN) published by Indian Trademark Registry

The Controller General of Patents Designs and Trade Marks has recently published the list of International Non-proprietary Names (INN), as declared by the World Health Organisation (WHO). INNs represent internationally accepted nomenclature for pharmaceutical substances

that may be freely used by health professionals and scientists worldwide. As per the WHO, preventing the grant of any exclusivity in such INNs (such as through trade mark protection) is meant to prevent confusion in drug nomenclature, which may endanger safety of patients. The INNs published by the Trade Marks Registry provides a list of names that are considered ‘generic’ for the purposes

of pharmaceutical substances in the Indian market and hence, is public property. As per Section 13(b) of the Trade Marks Act, 1999, words, which are identical to the INNs declared by the WHO (and subsequently notified by the Registrar of Trade Marks) or deceptively similar to INNs, are prohibited from registration as trademarks. The Trade Mark Examiners can now use this published list as reference in implementing the statutory obligation under Section 13.

Australia to review copyright law

Australia is set to review its copyright laws to examine whether they need to be changed in light of advances in digital technology. This decision comes in the wake of the Federal Court judgement in *Singtel Optus Pty Ltd v. National Rugby League Investments Pty Ltd [(No 2) [2012]*

FCA 34] wherein it was held that Optus' TV Now service did not infringe copyright of exclusive licensees to sports broadcasts. TV Now service gave user the ability to record free to air television programs and play them back on any one of four compatible devices, namely, PCs, Apple devices, Android devices and 3G devices. The user could choose to replay a broadcast by choosing from the files which were stored in Optus' data centre. The licensees of sports broadcasts alleged that Optus had recorded the broadcasts and broadcast the same to public by storing as much as 60 seconds of a recording every minute. Presently, copyright law allows a viewer to record a broadcast and replay it at a convenient time. Using Optus' service viewers were able to watch matches almost live with a delay of just 2 minutes.

NEWS NUGGETS

IP addictions

IP wars in relation to alcohol seem to be an addiction. Under the EU-South Africa Trade Development & Cooperation Agreement (TDCA), the latter agreed not to use the words 'port' and 'sherry' in relation to wines even within South Africa from 1-1-2012. Australia has also agreed to similar terms in its pact with EU to protect GIs and 'traditional expressions'. Wine producers in Mexico - GI protected Tequila on one side and those producing similar drinks from a succulent desert plant 'agave' - are debating over the proposal to brand the word 'agave' for exclusive use of producers in the Appellations of Origin for Tequila. Producers using agave argue that being a generic word and not used for producing tequila alone, it cannot be branded. They say it is akin to branding the word 'grape' in relation to champagne. Another storm in the cup will be India-EU FTA which when inked will place a more secure IPR regime including GI on alcoholic beverages and wines - one of the most sought after categories for GI registration by EU countries.

IP notes on higher octave in India

Indian's appetite for GI registrations continues to

grow. After Kancheepuram sarees, Bhavani jamakalams (blankets) and mattigulla brinjals, Agra inlay work in marble is headed for the GI registry. The Marble Udyog Vikas Samiti of Agra representing craftsmen involved in this work has made an application for GI registration. Also adding more inventive notes to the music scene, Dr Vidyadhar Oke, a music researcher has obtained patent for a harmonium which can play 22-shruthis or microtones.

Adidas' three stripes trademark not infringed by use of two stripes

A trademark can be too distinctive and well known to be confused with similar marks. The South African (Western Cape High Court, Cape Town) recently held that Adidas' three stripe mark was not infringed by a local retailer who used two or four stripes in a decorative fashion on certain footwear. The local retailer Pepkor successfully argued that the customers in the survey identified the sports shoes as Adidas' by three equidistant stripes and that since the former's trademarks were featured on the goods, there was no case of passing off. The CJEU (ECJ) had given a similar ruling in 2003 in respect of a dispute with a Dutch firm which used a two-stripe design.

RATIO DECIDENDI

“Technical advance” and patentability under Section 3(k)

In early December, 2011, the Indian Intellectual Property Appellate Board (IPAB) affirmed the decision of the Patent Office, which had rejected Yahoo’s patent application under Section 3(k) of the Patents Act, 1970, based on a pre-grant opposition filed by Rediff.com. The IPAB construed Section 3(k) harmoniously with Sections 2(1) (j) & 2(1)(ja) of the Act and held that the alleged “*technical advance*” of a claimed invention cannot lie in what is otherwise excluded from patentability under Section 3(k). Under Section 3(k), “*a mathematical or business method or a computer programme per se or algorithms*” are not inventions for the purposes of the Act. Not surprisingly, the decision of the UK Court of Appeals in the *Symbian* case is referred to in the IPAB’s decision. Applying this principle to the facts of the case, the IPAB construed the invention claimed in the patent application in question and based on all the evidence on record, came to the conclusion that the claimed invention’s ‘technical advance’, if any, over existing knowledge, was only an improvement in the method of doing business electronically. The IPAB concluded that the claimed invention was liable to be rejected under Section 3(k). The IPAB’s order while specifically highlighting that each case requires an independent factual enquiry, also noted the need for the different Controllers / Patent Offices to have a consistent approach in interpreting and applying Section 3(k) [*Yahoo v. Asst. Controller of Patents* – IPAB order dated 8-12-2011].

Parallel proceedings in separate forums when sustainable

The Delhi High Court has ruled that when there is no conflict, parallel proceedings in two separate forums for revocation of the very same patents can proceed. The

court held that the mere fact that proceedings which are concurrent in nature are instituted before two separate and distinct forums would not trigger in, the doctrine of election unless, they are also inconsistent with each other. In the instant case the appellant argued that the defendants had elected to pursue their counter claims at the court but also proceeded to press for revocation of patents at the IPAB. However, the Delhi High Court stated on facts, that there was no election of one remedy, explicit or implicit and the counter claims filed by respondents only establish consistency of the stand before IPAB, that the patents in issue were not valid [*Dr. Alloys Wobben v. Yogesh Mehra and ors* - FAO(OS) No. 7/2011 decided on 20-1-2012].

Registrability of word similar to unregistered trademark

Opposition to registration of word “Basmali” similar to “Basmati” was upheld by EU court recently. The dispute related to registration of ‘Basmali’ as a trademark for ‘long rice’. The appellant objected to the registration on grounds that it was similar to ‘Basmati’ which, though not a registered trademark, had acquired goodwill through use in course of trade and ‘Basmali’ amounted to passing off. The CJEU ruled that in terms of the applicable national law (UK) trademark registration can be denied by virtue of a law protecting an unregistered trademark or sign used in course of trade. The Court rejected the contentions of the defendants that the name was too generic and also stated that it is use of the sign concerned which enables a natural or legal person to be ‘proprietor of an earlier right’ within the meaning of law [*Tilda Riceland Private Ltd v. Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM), CJEU decision dated 18-1-2012].



Reproduction of newspaper articles temporarily, not an infringement

The appellant, a media monitoring company drew summaries of news articles based on criteria chosen by customers by using a process of data capture – scanning selected articles, manipulating it for readability and making an extract of eleven words to enable search. The defendants contended that creating a TIFF file and converting it to a text file and printing an extract amounted to infringement though summarising in itself was not unlawful activity. The CJEU found that in line with Article 5(1) of Directive 2001/29/EC of the European Parliament, the

reproduction of protected copyrighted works was an integral part of technological process and intended to enable better lawful use of the work. The temporary reproduction of the work did not modify the work in any manner and had no economic significance. Though right-holders had not authorised reproduction, the act was covered under exception to acts ‘not restricted by law’ provided in recital 33 of the Directive 2001/29/EC [*Infopaq International A/S v. Danske Dagblades Forening*, CJEU decision dated 17-1-2012].

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