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Article

Separation of rights under copyright & design laws

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Under the Indian IP system, a clear distinction has been made between rights available under the Designs Act, 2000 (“the Designs Act”) and the Copyright Act, 1957 (“the Copyright Act”), to avoid any overlap in protection under the two Acts. However, owing to a similarity in the work protectable under these laws, creators and manufacturers have many times been left to answer a very basic question regarding the type of protection which they should avail when an artistic work is produced.

As per Section 2(d) of the Designs Act a design has been defined to mean only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination thereof applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye, but does not include any mode or principle or construction or anything which is in substance a mere mechanical device, *and does not include any trade mark, as defined in clause (v) of sub-section of Section 2 of the Trade and Merchandise Marks Act, 1958, property mark or artistic works as defined under Section 2(c) of the Copyright Act, 1957.*

As per Section 15(1) of the Copyright Act, copyright under the Copyright Act shall not subsist in a design protected under the Designs

Act. Hence, once a design is registered, the proprietor foregoes the protection under the Copyright Act. Further, under Section 15(2) of the Copyright Act, if any design which can be registered under the Designs Act is not so registered, then the copyright under the Copyright Act on such a design shall cease as soon as any article to which the design has been applied has been reproduced more than 50 times by an industrial process by the owner of the design or by any other person with the license of the owner. In this case, if the proprietor does not get the design registered and manufactures more than 50 pieces of the article with that design, the proprietor then ends up foregoing the copyright protection under the Copyright Act as well.

Point of law regarding availability of protection under the Copyright Act for a design protectable under the Designs Act has been discussed in detail by the Delhi High Court in the matter of *Microfibres Inc v. Girdhar and Co.* [2006(32) PTC 157 (Del.)] and on appeal as reported in 2009(40) PTC 519 (Del.). The plaintiff in this case was engaged worldwide in the business relating to manufacturing, marketing, selling and exporting of upholstery fabrics and had alleged violation by the defendants of its copyright in the artistic works applied to upholstery fabrics and in particular, the defendant was reproducing identical copies or colourable imitations of the artistic works on its own fabrics.

In response to the plaintiff's allegations of copyright violation, the defendants argued that the plaintiff is not entitled to protection under the Copyright Act as the artistic work under contention was protectable under the Designs Act and has been produced for more than 50 times. The Single Judge of the Delhi High Court in judgment dated 13-1-2006 agreed with the defendant and refused to grant relief by observing that the exclusion of an artistic work as per Copyright Act from the definition of design under Designs Act was meant only to exclude paintings and such works of art.

Appeal against the order of Single Judge was dismissed by a Bench of 3 judges of the Delhi High Court. In its judgment, the Delhi High Court divided the artistic work into "original artistic work" and commercial/industrial manifestation of such artistic work such as the design derived from and founded upon the original artistic work. In the latter case, the work should be registered as a design under the Designs Act. The Delhi High Court observed that "*Thus, we are of the view that an original artistic work initially acquires protection under the Copyright Act as an 'artistic work' or else the protection under the Designs Act qua the product created from the artistic work when industrially applied.*"

The Delhi High Court came to the conclusion that although, copyright would exist in the original work of art and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work *per se*, however,

when the artistic work is applied to an article and is industrially produced, the design would have to be registered under the Designs Act. If the design has not been so registered under the Designs Act, the design would continue to enjoy copyright protection under the Copyright Act till the time it has not been applied on the article for more than 50 times through the industrial process.

In the recent case of *Pranda Jewellery Pvt. Ltd. v. Aarya 24 kt & Ors.*, the Bombay High Court, in its judgment pronounced in April 2015 relied on the Delhi High Court's interpretation for deciding on the plaintiff's claim for violation of its copyright. The plaintiff was engaged in the business of designing, marketing and selling gold sheet articles of deities and religious symbols under the brand name 'Prima Art'. The plaintiff alleged copyright infringement by defendant for producing identical gold sheet articles of deities and religious symbols. The defendants challenged the plaintiff's copyright over the impugned artistic work and relied on Section 15 of the Copyright Act. The defendants argued that the artistic works were capable of being registered as designs under the Designs Act, and on not being so registered, the copyright in them ceased after being applied to a product for more than 50 times by an industrial process.

Relying on the judgments of the Delhi High Court in *Microfibres Inc.* and in *Rajesh Masrani v. Tahiliani Design Pvt. Ltd.* [AIR 2009 Delhi 44], the Bombay High Court observed that:

"An 'artistic work' so long as it can qualify as an artistic work reproduced in any

form shall continue to enjoy the copyright available to it under the Copyright Act, 1957. But when it is used as the basis for designing an article by its application by an industrial process or means, meaning thereby an article other than the artistic work itself in a two or three dimensional form, it would enjoy a lesser period of protection of copyright under Section 11 of the Designs Act, 2000, if registered as a design under that Act, and if not so registered (despite being registrable), would cease to enjoy any copyright after more than fifty such applications, under Section 15(2) of the Copyright Act, 1957. Once again, as an original artistic work it would continue to enjoy the full copyright under the Copyright Act, 1957 and cannot be reproduced in any two or three dimensional form by anyone except the owner of the copyright. What it would

cease to enjoy is the copyright protection in its industrial application for production of an article.”

Conclusion

When an artistic work is applied, by an industrial process, on an article of which the proprietor is likely to manufacture more than 50 pieces, it is important that design registration be obtained under the Designs Act as the proprietor is likely to lose copyright protection for the design under the Copyright Act. Since a design has to be novel for it to be registered, the design application should be made before the artistic work is made public in anyway.

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Ratio Decidendi

Trademarks – Valid assignment and use as proprietor

In a case involving termination of assignment of the trademark by the plaintiff (registered proprietor of the mark) and the defendant claiming assignment by another company who was part of the same group, the Bombay High Court directed the defendants to restrain from using the disputed trademark. The defendant claimed its right to the mark based on assignment by the ‘predecessor-in-title’ (who according to the plaintiff was only a permitted user) and contended non-use of the mark by the plaintiff. The High Court did not find force in the contentions of the defendants that ‘predecessor-in-title’ had obtained sales

tax registration and issued invoices from a particular date since the registration certificate or the invoices did not show any connection with the mark on the stated date. Also in the advertisements placed by ‘predecessor’, the company had claimed to be part of a particular group and not any ownership in the device mark. Thus, it was concluded that the plaintiff as proprietor had allowed use of the mark by various group entities and the defendant had not acquired any vested rights from the group company which was merely permissive user of the trademark and not proprietor of the same in its own right.

In this case the mark was registered for aluminum composite panels whereas the goods sold with the mark were aluminum extrusions/extruded sections and profiles. The defendant submitted that these are different goods whereas the plaintiff stated that these are the same goods for which the mark was registered. It was in this context, the High Court was of the view that the use of the registered trademark even in relation to goods associated with those in respect of which the trademark is registered, can save the registered proprietor from removal of his mark for non-use and in the instant case the mark had been used by another permitted licensee of the plaintiff. [*Archer Trading House Pvt. Ltd. v. Eurobond Industries Limited* - Notice of Motion (L) No. 2584/2014 in Suit No. 1017/2014, decided on 15-6-2015, Bombay High Court]

Patents – Process steps when not mere optimization, but novel

IPAB has set aside the order of the Assistant Controller of Patents & Designs of the Patent Office which had rejected the patent application relating to method for preparation of iodizing agent that offers stability of iodine in formulation of iodized salt. The Board in this regard followed the fundamental criteria for grant of patent – that the invention must satisfy the twin tests of invention and patentability. It noted that the appellant/applicant by conducting experiments had demonstrated improved effectiveness of its process over prior-art and filed such experimental results on record in the form of declaration of the inventors,

which declaration remained uncontroverted. It was held that the Assistant Controller had ignored the fact that the results of the process steps, which are the combination of various features viz., unique concentration, specific particle size of SHT, temperature and time period, are not mere optimization, but novel inventive process. Further, observing that the opponent had failed to file any declaration or expert's affidavit, and that there were crucial differences with the alleged prior art, it was held that no prior art recognized the process of stability of iodine in formulation of iodized salt and the invention through the claimed process was patentable. [*Council of Scientific and Industrial Research v. Hindustan Lever Limited* – Order 133 of 2015, dated 3-7-2015, IPAB].

From generic to fanciful – Scaling the trademark spectrum

Declining to grant interim injunction on use of mark 'MULTI CHERRY' (for dietary supplements) which was claimed to infringe the plaintiff's mark 'CHERI' (for pharmaceutical preparations) the High Court of Bombay held that there was no likelihood of confusion between the two and that mere misspelling of a generic word cannot make it non-descriptive. The plaintiff was granted registration for CHERI pharmaceutical preparations after amending its application since the Registrar found use of CHERI for medicinal preparations generally to be descriptive. The High Court found force in the defendant's argument that use of word CHERRY for dietary supplements which are

not drugs for therapeutic use do not infringe the plaintiff's rights. The High Court observed that to qualify for registration the word must fall in the last part of the trademark spectrum ranging through generic, merely descriptive, suggestive and arbitrary or fanciful. The word CHERI was not arbitrary or fanciful. As regards channels of trade being same, the Court was of the view that since the product is dispensed by chemists who are knowledgeable, the chances of deception or confusion are less. Moreover, the defendants had acquired sizeable reputation and an injunction would cause them irreparable prejudice. [*Indchemie Health Specialties Pvt. Ltd v. Intas Pharmaceuticals*, Order dated 24-6-2015 in NMSL/2540/2014, Bombay High Court]

Impleading assignee of a trademark in opposition proceedings

IPAB has directed to include the assignee of

the trademark, as respondent, in the appeal filed against rejection of opposition to the registration of the mark. The Board in this regard observed that legally, the assignee has stepped into the shoes of the assignor and whatever benefits or rights are accrued by the assignor in respect of registration of the mark shall go to the assignee. It was also noted that the Registrar of Trademarks had accepted the request of the assignee to bring them on record, after the order impugned before the IPAB was passed, and that the appellant (who filed the opposition) was also well aware about the assignment. It observed that Section 22 of the Trademarks Act provides for correction and amendment at any stage before or after acceptance of the application. [*Hygienic Research Institute Private Limited v. Solvay Pharmaceutical Marketing and Licensing* Order No. 122/2015, decided on 9-6-2015, IPAB]

News Nuggets

Non-violate complaints under TRIPS

It was decided in the Bali Ministerial Conference that complaints would not be initiated under the non-violate clause (NV clause) in TRIPS till the next ministerial to be held in December 2015. While last year the US had made a submission for ending the moratorium on use of the NV clause, a number of developing nations, including India, Argentina, Venezuela, Brazil, China, Sri Lanka, Peru and Kenya have submitted that application of the non-violation and nullification or impairment clause under

the TRIPS agreement is unnecessary. They contend that TRIPS agreement is not about market access and is a *sui-generis* agreement to establish minimum standards of intellectual property protection. They emphasise that provisions of the TRIPS agreement do not require recourse to the 'legally imprecise notion' of non-violation and situation complaints. Another view that is advanced is that it would give priority to private rights rather than the interests of the users of intellectual property. They also point out that

there is insufficient guidance in Article 26 of the DSU and in GATT/WTO dispute practice for panels and the Appellate Body to apply non-violation and situation complaints in the context of the TRIPS Agreement.

Maintaining tradition of IP protection

India had long been having concerns about the misappropriation of its traditional knowledge due to the lack of its formal documentation. In particular, there have been concerns about companies filing patent applications based on the traditional knowledge and then seeking to prevent others from using

it though the knowledge has been traditionally known and used in India informally for ages. To enable patent offices to process such patent applications effectively, India had, at huge costs, compiled the Traditional Knowledge Digital Library (TKDL) and shared it with patent offices around the world. The benefits of the compilation of the TKDL in combating bio-piracy are now being seen. One recent case in point is the rejection of patent applications of an FMCG major directed to oral care compositions based on the information in the TKDL.

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