

amicus

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

November 2014 / Issue-40

Contents

Article

'Willful or deliberate suppression' standard
under Section 8 of the Patents Act..... 2

Ratio Decidendi..... 4

News Nuggets..... 6



November
2014

Article

'Willful or deliberate suppression' standard under Section 8 of the Patents Act

By **Vindhya S. Mani**

The Division Bench of the Delhi High Court *vide* its recent order dated 7th November, 2014 in *Maj. (Retd.) Suresh Behl & Another v. Koninklijke Philips Electronics* [FAO (OS) No. 16 of 2014] upheld the order of the Single Judge of the Delhi High Court [2013 (56) PTC 570 (Del)] holding that revocation of a patent is not automatic under Section 64(1)(m) of the Patents Act, 1970 ('the Act') and that it is open to the court to examine whether the omission to furnish information under Section 8 of the Act was deliberate or intentional.

Factual background

The instant case pertains to a suit for permanent injunction filed by Philips ('respondent' in appeal) against Suresh Behl ('appellant' in the order discussed here) and others for infringing its essential DVD Video/DVD ROM Disc patents, especially patent no. 218255 granted on 13th February, 2008, titled "Method of converting information words to a modulated signal" (suit patent). Pursuant to the above suit, Suresh Behl made a counter-claim for revocation of the suit patent under Section 64(1)(m) of the Act for non-compliance of the provisions of Section 8 of the Act read with Rule 12 of the Patent Rules, 2003 ('the Rules'). Philips later filed a letter dated 14th September, 2012 containing the updated list of pending foreign applications before the Controller. Furthermore, Philips' patent attorney also filed an affidavit along with the above letter stating that the omission was inadvertent as the details on one page of the document sent by

Philips was accidentally missed and was with no intention to suppress any information from the Indian Patent Office.

Subsequently, Suresh Behl filed an application under Order XII Rule 6 of the Civil Procedure Code, 1908 with a prayer to pass a decree on the basis of the alleged admission made by Philips with respect to the admission of lack of disclosure of information under Section 8 of the Act. This application was dismissed by the Single Judge of the Delhi High Court against which appeal was filed by the aggrieved party.

Issues before the Division Bench

The issue before the Division Bench was whether there was a failure by the respondent to comply with the undertaking given under Section 8(1)(b) of the Act and whether such failure would lead to revocation of the suit patent under Section 64(1)(m) of the Act. Another issue was whether the affidavit filed by the attorney of Philips as noted above would amount to admission leading to passing of order in terms of Order XII Rule 6 of Civil Procedure Code, 1908.

Analysis by the Division Bench

With respect to the first issue, the appellant contended that the information furnished by the respondent to the Controller by means of the letter dated 14th September, 2012 amounted to an admission of suppression of vital information, contravening Section 8 of the Act. On the other hand, the respondent contended that the information furnished to the Controller in the

letter did not amount to an admission under Order XII Rule 6 of the Civil Procedure Code, 1908.

On the first issue, the Division Bench interpreted the scope of the word “may” under Section 64 of the Act and rejected the argument of appellant that given the mandatory nature of Section 8 of the Act, the word “may” under Section 64 of the Act, ought to be interpreted as “shall”. It held that the words used in the material provisions of the statute must be interpreted in their plain grammatical meaning and it is only when such words are capable of two constructions that the question of giving effect to the policy or object can legitimately arise. Further, the Bench also held that the first and foremost rule of construction is the literal construction and if the provision is unambiguous and the legislative intent is clear, the court need not call into aid the other rules of construction of statutes. It held that in the present case, the word “may” used in Section 64(1) itself indicates the intention of the legislature that the power conferred thereunder is discretionary.

Further, the Bench observed that the mere fact that the requirement of furnishing information about the corresponding foreign applications under Section 8(1) is mandatory, is not the determinative factor of the legislative intent of Section 64(1). It held that though any violation of the requirement under Section 8 may attract Section 64(1)(m) for revocation of the patent, such revocation is not automatic and the power to revoke a patent under Section 64(1) is discretionary and it is necessary for the court to consider whether omission on the part of the

plaintiff was intentional or whether it was a mere clerical and bonafide error.

With respect to the second issue, the Division Bench referring to Supreme Court judgments on the point reiterated that a judgment can be passed under Order XII Rule 6 of CPC even on constructive admissions made by the other party, provided it is an unequivocal admission.

Applying the above to the instant case, the Division Bench agreeing with the order of the Single Judge that revocation was not automatic under Section 64(1)(m), held that the letter by the respondent disclosing information cannot be held to be an unequivocal admission and consequently, was not a matter for granting a decree, especially before the evidence is let in by the parties as provided under Order XII Rule 6 of CPC. Thus, order of the Single Judge dismissing the application under Order XII Rule 6 of CPC, was upheld.

Conclusion

Prior to this judgment, the law prevailing with respect to a determination as to whether a patent can be revoked based on non-compliance of Section 8 of the Act was in a state of flux. The Delhi High Court in *F.Hoffmann-La Roche Ltd. v. Cipla Ltd.* [2012 (52) 1 PTC (Del)] held that under Section 64 of the Act, there exists a discretion to revoke or not to revoke the patent for non-compliance of Section 8 of the Act based on the facts and circumstances of each case. In this regard the court held that the discretion exists by use of the word “may” under Section 64 of the Act and the court exercising such discretion, held that Roche’s patent cannot be revoked solely on the ground of non-compliance of Section 8

of the Act. Furthermore, the Single Judge in the *Philips* case cited supra suggested that to fall foul of Section 8 of the Act, one must show that there was deliberate or willful suppression of information and that was not submitted was material to the grant of the patent in India.

On the other hand, the IPAB had adopted a different standard (prior to the Delhi HC judgments). In fact, similar arguments have been raised before the IPAB as well and the IPAB in a consistent line of cases, including *Ajantha Pharma Ltd. v. Allergan Inc.* (Order No. 173/2013) and *Glaxo Group Limited v. The*

Controller of Patents (Order No. 161/2013) has held that the Act does not make any qualification to the obligation to submit information or the requirement to revoke the patent for failure to submit that information. In other words, as per the opinion of IPAB willful conduct or materiality of suppressed information was irrelevant.

As the orders of the High Court are binding on the IPAB, the IPAB has to necessarily adhere to the interpretation adopted by the Delhi High Court in future.

[The author is an Associate, IPR Practice, Lakshmikumaran & Sridharan, New Delhi]

Ratio Decidendi

Virtual shop sufficient to invoke territorial jurisdiction in action against infringement

The plaintiff, WWE, a company incorporated in USA sought to restrain the defendants, incorporated in Mumbai, from infringing its copyright and trade marks. It contended that the Delhi High Court had jurisdiction to entertain the suit under Section 134 (2) of the Trade Marks Act, 1999 and Section 62 (2) of the Copyright Act, 1957 on account of the fact the plaintiff carries on business within the territorial limits of the court based on purchases made by customers on its website, which is accessible everywhere including Delhi.

The Division Bench essentially determined the place where the essential part of the business transaction takes place in a transaction over the internet. In doing so, it relied upon the observation of the Apex Court in the case of *Dhodha House v. S. K. Maingi* [2006 (9) SCC 41] with respect to the interpretation of the phrase ‘carries on

business’ and further interpreted the third limb of this phrase “*essential part of the business must exist where the Plaintiff claims to carry on business*” in the context of e-transactions.

It further relied upon the fundamental principles of contract law laid down in the *Bhagwan Goverdhandas Kedia v. Girdharilal Parshottamdas & Co.* [AIR 1966 SC 543] and drew an analogy between contracts entered into over the telephone and those through internet or the website of the plaintiff and held that in case of e-commerce as well “contracts would be completed at the place where the acceptance is communicated.”

The court concluded that with advancements in technology and the rapid growth of new models of conducting business over the internet, it is possible for an entity to have a virtual presence in a place which is located at a distance from the place where it has a physical presence. Such a virtual shop would suffice

to show that the plaintiff carries on business in that territory thereby adequate to invoke the territorial jurisdiction of the courts therein. [*World Wrestling Entertainment Inc. v. Reshma Collection* – FAO(OS) 506/2013 & CM Nos. 17627/2013, 18606/2013, decided on 15-10-2014, Delhi High Court]

Patent infringement – Non-existence of company when patent granted to another

Bombay High Court has granted interim relief in a case relating to patent infringement, finding not merely a strong but an overwhelming *prima facie* case even at interim stage. Noting that till 2011 the defendant's company was not even in existence, while the plaintiff was granted patent in India and abroad, the court held that it was not likely for the defendants to have invented such patented process. Significant business and commercial exploitation of the patented process by the plaintiff for at least three preceding years both in India and abroad was also noted by the court in this regard. Further, granting interim injunction against the defendants, the court noted that the defendants had close access to plaintiff's patent and process when they were working under collaboration agreement and that it was not just coincidence that claims of the defendant's arose only after the said agreement ended. The patent here involved a novel method of cleaning furnaces even while these continue to run and operate, i.e., a process of furnace cleaning without furnace closure. [*CTP Environment S.A.S. v. Sentro Technologies Limited* – Notice of Motion (L) No. 2276 of 2014 in Suit (L) No. 947 of 2014, decided on 10-10-2014, Bombay High Court]

Trademarks – Website domain names without meaningful distinction

Finding no meaningful distinction between “shaadi.com”, used by the plaintiff, and “getshaadi.com” owned by the defendant, the Bombay High Court has held that distinction was so slight that confusion and deception were inevitable. The court in this case, while granting interim injunction, relied on traffic diversion analysis showing around 74% of the traffic to the defendant's offending website being diverted from the plaintiff's website. It was noted in this regard that offending domain name was only some sort of ‘cover page’, i.e., only the first web page of the defendants' offending portal, while all succeeding pages related to the defendant's other website and domain name.

With regard to filing of petition seeking leave of court under Clause XIV of the Letters Patent, the court held that *prima facie* such combined action of infringement and passing off will lie even without such leave being sought or obtained, since the offending website was globally accessible and interactive. [*People Interactive (I) Pvt. Ltd. v. Ammanamanchi Lalitha Rani* - Notice of Motion (L) No. 2312 of 2014 in Suit (L) No. 962 of 2014, decided on 13-10-2014, Bombay High Court]

Trademarks – Difference of one letter is distinction without difference

Noting that the similarity between ‘GOOD KNIGHT’ used by the plaintiff and ‘GOLD KNIGHT’ used by the defendants is but one letter, the Bombay High Court has held the same to be a distinction without a difference. Allowing an *ex parte* application and granting

interim relief, the court held that the distinction is such that an illiterate consumer is not likely to make, and that even for the most educated person, this distinction would require a great deal of careful study. The court also observed that in a country where English is not the first language and pronunciation differs widely, the use of such proximate marks would cause confusion and deception. Further noting similarities in the features of the marks and packaging, including the design, lay-out, colour combination and get-up of the packaging, it appeared to the court that *prima facie*, the adoption was both dishonest and mala fide. [*Godrej Consumer Products Limited v. Ghyaneshwar Industries* - Notice of motion (L) No. 2357 of 2014 in Suit (L) No. 991 of 2014, decided on 13-10-2014, Bombay High Court]

Trademarks – Phonetic similarity

In another case relating to difference of one letter in the trademarks, this time between ‘ACENAC-P’ and ‘ACNAC-P’, the Bombay High Court has granted interim relief to the plaintiff, owner of mark ‘ACENAC-P’. The court in this regard noted that primary test of phonetic similarity shows that the defendant’s mark is confusingly and deceptively similar to that of the plaintiff. Further, holding adoption of the mark as *prima facie* not honest and bona fide, the court noted that even to a person conversant and fluent in English, the phonetic distinction here was one without a difference. [*Medley Pharmaceuticals Limited v. Noel Pharma* - Notice of Motion (L) No. 2297 of 2014 in Suit (L) No. 953 of 2014, decided on 13-10-2014, Bombay High Court]

News Nuggets

IPR Think Tank – Indian government seeks comments

The Department of Industrial Policy and Promotion (DIPP) has constituted an IPR Think Tank to draft the National Intellectual Property Rights Policy and to advise the DIPP on IPR issues. The six member panel comprises of professionals from industry, lawyers and will be headed by Mrs. Prabha Sridevan. As per the press release issued on 24-10-2014, the think tank will draft the National IPR Policy, identify areas where study needs to be conducted, advise the government on best practices to be followed in trademark offices, patent offices and other government offices dealing with IPR in order to create an efficient

and transparent system of functioning besides giving suggestions on the steps that may be taken for improving infrastructure in IP offices and tribunals. Further to this by Public Notice No. 10/22/2013-IPR-III dated 13-11-2014, comments have been sought from interested persons. The comments are to be provided through email by 30th November, 2014.

Pizza trademark – Not quite to taste

Canada recognised sound as trademark only recently, colour as trademark has seen a fair bit of battle as has shape and therefore perceiving taste as a mark of goods was perhaps far off. The United States District Court of Southern district of Texas however was not convinced. It opined that the claim

was half baked. However the case has many ingredients which crave digestion.

A New York Pizzeria claimed that its Italian food was entitled to trademark protection and the manner in which it was presented made for a unique trade dress. It claimed that proprietary information relating to the preparation has been misappropriated by a former employee and its trademark has been infringed. However, the court stated that it is

unlikely that flavours can ever be inherently distinctive, because they do not automatically suggest a product's source. The court discussed the unsuccessful attempt by a pharma company to trademark the orange flavour of medicine. While taste may be distinct it was functional. Also, while plating could be seen as a trade dress the bar of proving the same was quite high and factual. In the pizzeria's case, it could not establish the same.

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 17th November, 2014. To unsubscribe, e-mail Knowledge Management Team at newsletteripr@lakshmisri.com

www.lakshmisri.com

<http://cn.lakshmisri.com>