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### CHANAKYA NATIONAL LAW UNIVERSITY

CENTRE FOR INNOVATION RESEARCH AND FACILITATION IN INTELLECTUAL PROPERTY FOR HUMANITY AND DEVELOPMENT

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PATRON-IN-CHIEF: Hon'ble Justice (Retd.) Mrs. Mridula Mishra VICE-CHANCELLOR, CNLU, Patna Email:vc@cnlu.ac.in Mo: +919771410660

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# VICE-CHANCELLOR'S MESSAGE E-JAIRIPA



Mrs. Mridula Mishra Vice Chancellor, CNLU

It is a matter of immense pleasure and pride that the CIRF in IPHD of Chanakya National Law University is going to release the E-Journal – JARIPA (E-Journal of Academic Innovation and Research in Intellectual Property Assets) on 16<sup>th</sup> March 2021.It is also a subject of great pleasure that the journal is being released on the first anniversary of the Centre for Innovation Research and Facilitation in Intellectual Property forHumanity and Development (CIRF in IPHD).

The pandemic 2020 has been a period of unrest in all walks of life, especially in academics too. Thanks to Information Technology that supplemented the class

room teaching and sitting in the Physical library to online teaching and access to Online learning material ,books ,journals, magazine, newsletters etc. The significance of online publication has been understood and the universities have been converting their hard copy into soft copy for the worldwide access and benefits. This e- journal (E-JAIRIPA) is an effort by CIRF to contribute to the academic world in the domain of Intellectual Property Research. Intellectual Property is a creation of human mind. The Patents Law deals with the invention and innovation. It is a tool for Industrial Development furthering industrialization, employment, and economic development. Patents Law has become the backbone of the Economy of any country. The Pharmaceutical Patents helps in health care along with continuous research for human development. Patents is granted to the inventors and protects the invention from infringement by any person. It is a guaranteed safeguard to the invention and economic gain. The patentee avails this right for twenty years (As per TRIPS), thereafter it enters public domain, which is open to use by anyone without payment of royalty or permission. The trademarks are an essential Intellectual property for safe business and safety to consumers. The information technology, semi-conductor integrated circuits lay out design (chips) are essential tools used in our daily life. The Community intellectual property (GI, Biodiversity, Biotechnology, Plant Variety, and farmer's rights) are the part and parcel of intellectual Assets. This online journal will encourage the researchers, academicians, students to do fundamental research and this journal will disseminate the ideas and understanding worldwide.

#### HON'BLE JUSTICE (RETD.) MRS. MRIDULA MISHRA VICE CHANCELLOR, CNLU

# REGISTRAR'S MESSAGE E-JAIRIPA



Shri M P Shrivastava Dist. Judge (Retd) & Registrar, CNLU

The Journal is a forum for the scrutiny, examination and discussion of academic research. It is an examination as to what is happening in academics. The journals carry scholarly research papers which are peer reviewed before publication. This is the examination by the unknown experts in that discipline. Hence the knowledge of authors are examined, analyzed, debated and disseminated. This helps in learning and further improves the knowledge of the trainer. It results in the refined understanding of the students and academicians.

The journal E-JAIRIPA has been published and released keeping its importance in academics. This will surely encourage the students, authors, teachers in the field IPR to write on certain issues and try to find solution. Since the papers has to be peer reviewed, it will be a guide line as to how to write scholarly papers. Most importantly, when the journal is online (E-Journal), it has easy access to all the people on this globe. Hence merits and demerits of articles cannot be concealed. In the paperless world, the e-journal is a need.

I appreciate the efforts of the CIRF team in bringing first issue of E-JAIRIPA to the public for learning and examining the quality of the writings. The reader's corner will be a feedback for the improvement in its quality. Since this is a first issue, the team will learn its strength and weakness which shall be certainly reflected in improvement with successive volumes and issues. Wishing the CIRF Team all the Best for all success of the Journal.

#### SHRI M P SHRIVASTAVA DIST. JUDGE (RETD) &REGISTRAR, CNLU

#### PREFACE



Prof. Dr. Subhash Chandra Roy, Chief Editor, E- JAIRIPA, Director, CIRF in IPHD

E-JAIRIPA (E-Journal of Academic Innovation and Research in Intellectual Property Assets) is a Peer Reviewed E-Journal of the Centre for Innovation Research and Facilitation in Intellectual Property for Humanity and Development (CIRF -in-IPHD) of Chanakya National Law University. The JAIRIPA is a half yearly journal of Academic Innovation and Research on the issues related to copyright, Patents, Trade Marks, Geographical Indications, Plant Varieties and Farmer's Rights, Bio Diversity, Layout design and integrated circuits, Industrial Design, Traditional Knowledge, on current Academic issues. It is a half-yearly e- Journal, Vol.-1, Issue-1, 2020 (June-December 2020). Although this journal was scheduled to be released as January to June issue, but various constraints came underway. Hence the first issue (June-December 2020) of the journal is being released today on the  $16^{th}$  March 2021, the Anniversary Day of the Centre. This E-Journal shall have open access to all the concern world-wide for Common Good. The ISSN will be obtained later asper Rule.

Research is the backbone of academics. The journals are the conveyances on which the research papers are carried on from the authors to the readers, the reaction of reader's to authors' vice-versa. The journals expedite the process of thesis -antithesis and synthesis. The research scholars' survey the problems in the area of their disciplines and think over the gap. Hence the contribution made by the author-researcher helps to the teaching community, research scholars and policymakers. It helps the book authors, either it be student edition or reference. It is the journal that keeps the teachers updated and well informed. The class teaching is monotonous without current and relevant issues as it correlates the academics with real world. The Journals are Supplementary and complementary to academics, a bridge between society and academicians for the benefit of students and researchers. This cycle goes on with observation, scrutiny, comments, analysis, updating the existing knowledge and filling the gap. The regular readers of the journals are well informed, advanced and confident. They learn the style of writing and way of expression. The journal carries variety of opinion, ideas, information that help in the correction of concept and revealing the truth. This is the reason that research writing and publication is essential component for the Academic positions. The paper writing is a proof that the person has academic bent of mind. It is a proof that one is growing. This E-Journal has been launched and released for the benefit of all the stake holders without making any discrimination on the basis of caste, creed, race, color, class, gender and political boundary, etc. This journal has open access to all concern. This issue of JAIRIPA carries twenty research papers contributed by researchers from different parts of India. All the papers have been peer reviewed, and similarities checked. The editors and reviewers have tried their best to allow the best possible papers before the readers. The comments, criticism, and advice of the readers are most welcome for further improvement. Hence this half-yearly E-Journal (JAIRIPA) is hereby submitted with all humility before the readers on the 16<sup>th</sup> March 2021.

#### PROF.DR. SUBHASH C ROY CHIEF EDITOR: EJAIRIPA DIRECTOR: CIRF in IPHD (CNLU)

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# INTERFACE BETWEEN COMPETITION LAW AND PATENTS LAW: A PANDORA BOX

Mansee Teotia<sup>\*</sup> & Manish Sanwal<sup>\*\*</sup>

# ABSTRACT

The interface between Intellectual Property Rights and Competition Law has remained a moot point in several jurisdictions including India. There have been conflicting views regarding powers of the Competition Commission to exercise its jurisdiction over Patentee's right to exclude his/her competitors from using its patented technology. This question again came up before the Hon'ble High Court of Delhi in a recent case of Monsanto v Competition Commission of India. Though the court in the instant case tried to clarify the issue with regard to the conflict of powers between the Competition Commission of India and Power of the Controllers of the Indian Patent Office, there were various issues which were overlooked by the Court. Due to the lack of specific guidelines regarding how to deal with the interface between Competition Law and Patents Law, the issues are settled by the courts on case to case basis. Through this paper, the authors look into the issue of how this interface is dealt with in other jurisdictions such as US and EU. Unlike India, in US and EU guidelines are issued by respective governments regularly in order to solve any possible conflict between Competition Laws and Patent Laws. Through this paper the author suggests for providing such guidelines so as to allow and maintain the delicate balance between Patent Law and Competition Law.

<sup>\*</sup> MANSEE TEOTIA, Assistant Professor, Amity University, Amity Law School, Mumbai.

<sup>\*\*</sup> MANISH SANWAL, Associate, Anand & Anand.

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#### I. <u>THE JURISDICTIONAL TUSSLE</u>

There has been persistent litigation between Competition Commission of India (CCI) and Patentees over the manner of exercise of their rights. The first case wherein the conflict between IP and Competition Law was witnessed was in the case of Super Cassettes *Industries Ltd. v. UOI & Ors.*<sup>1</sup> In the aforesaid case the issue of conflict between section 4 of the Competition Act, 2002 and the Copyright Act, 1957 was looked into by the Court. The Court while dismissing the writ petition, opined that the powers of the Competition Commission and Copyright Board govern different aspects of law. The second major challenge against the jurisdiction of CCI was raised in the case of Telefonaktiabolaget LM Ericsson (Ericsson) v. CCI and Anr.<sup>2</sup> (Ericsson) wherein the primary issue was with regard to the jurisdiction of CCI to examine the allegation of anticompetitive conduct and abuse of dominance by the patentee. It was contended on behalf of *Ericsson* that matters pertaining to the abuse of dominance/dominant position by a patentee in respect of patent licensing should be addressed under the Patents Act and not under the Competition Act as the Patents Act provides for efficacious remedies in the nature of grant of compulsory licenses. The High Court observed that the jurisdiction of CCI under the Act to inquire allegations of anti-competitive practices and abuse of dominance arising out of the monopoly granted by patent rights cannot be taken away even if the Patents Act, 1970 provides for efficacious remedies inter alia in the nature of grant of compulsory licenses. Again, in the case of Monsanto holding Pvt. Ltd. v Competition Commission of India<sup>3</sup> (Monsanto) the hon'ble Delhi High Court dealt with the issue of conflict of powers between Competition Commission and Controller of Patents. In the matter herein, Monsanto (petitioners) had patented Bt. Cotton Technology (Bollgard) under the Patents Act, 1970. The patented technology was then sub-licensed to several seed manufacturers in India on payment of royalty/fee for the use of technology. The information was filed against Monsanto under S. 19 (1)(a)<sup>4</sup> and 19 (1) (b) <sup>5</sup> of the Competition Act, 2002 alleging contravention of S. 3 and S. 4

<sup>\*</sup>Assistant Professor at Amity University, Amity Law School, Patent Agent, LL.M, UGC-NET, 2019

<sup>\*\*</sup> Associate at Anand and Anand Law Firm, Patent Agent, MAH/1072/2017

<sup>&</sup>lt;sup>1</sup> Super Cassettes Industries Ltd. v. UOI & Ors ,W.P.(C) 1119/2012 decided on 04.10.2012.

<sup>&</sup>lt;sup>2</sup> Telefonaktiabolaget LM Ericsson (Ericsson) v. CCl and Anr W.P.(C) 464/2014 decided on 30.03.2016.

<sup>&</sup>lt;sup>3</sup> W.P.(C) Nos. 1776/2016 & 3556/2017 decided on 20 May, 2020.

 $<sup>^4</sup>$  S. 19(1) (a) The Commission may inquire into any alleged contravention of the provisions contained.... from any person, consumer or their association or trade association; or

of the Act. Orders<sup>6</sup> passed by the CCI were challenged and the primary issue before the court was whether the Competition Commission had the jurisdiction to entertain a complaint relating to the manner of exercise of his/her rights by a patentee under the Patents Act, 1970. Thus, the Indian courts have been bothered time and again over the issue of powers of the Competion Commission of India in restricting Intellectual property rights holder in exercising his/her rights granted under various intellectual property laws. The issue which ought to be settled is the scope and ambit of the powers of the Competion Commission while encroaching into the rights of an Intellectual property rights holder.

The objective behind the intellectual property law is to promote innovation and provide incentives to innovators. The objective of competition law is ensure economic growth and consumer welfare. It is pertinent to note that the Indian Courts have followed a case to case approach, however, concrete steps should be taken and gudelines/rules should be framed which can serve as guiding principles for the authorities in deadling with such cases

A grant of Intellectual propert right to a business entity confers exclusive right to produce a patented article or exercise the right of ownership over the protected process for a fixed period of time (20 years). Evidentily, the business entity gets some degree of superiority from other competitors in the market. Owing to this superiority in the market, if any business entity engages in an allegedly abusive business practices by restricting competition, preventing rivalry or market entry, it invites competition concerns. The holder of intellectual property rights may exercise different degrees and models of exclusivity. These exclusive arrangements may lead to market foreclosure and potential competition related concerns. Thus, *prime facie* it appears that exercise of intellectual property rights in an allegedly abusive way is diametrically opposite to the goal of competition law and policy of free market access, open use and open market. On the other hand, exercise of Intellectual property rights lead to creation of innovative product and process which opens new market.

Thus, there exists a delicte link between Intellectual property rights (specifically patents) and competition. Too high or too low implementation of either laws i.e Patent Law or Competiton Law may lead to trade distortion. Hence, a balance has to be found between competition policy and Patent rights and balance must ensure fulfillment of objective under both laws. A

 $<sup>^{5}</sup>$  S.19(1) (b) The Commission may inquire into any alleged contravention of the provisions contained.... a reference made to it by the Central Government or a State Government or a statutory authority.

 $<sup>^{6}</sup>$  Orders dated 10.02.2016 passed by the CCI u/s 26(1) and an order dated 18.02.2016 passed by the CCI u/s 33 of the Act

fine tuning in the legislative frameworks and enforcement of relevant laws is the key to resolve the jurisdictional tussle between Intellectual Property authorities and Competition authorities.

It is pertinent to note that this jurisdiction tussle has not only been observed between Competition Commission and Intellectual property office about also between Competition Commission and other Sectoral regulators. One such example is that between Competition Commission and Electricity Boards. Under the Electricity Act, 2003 the legislators conferred power upon the regulator to deal with anti-competitive agreements, abuse of dominant position and mergers related to impediment to competition Act, 2002 which pertains to anti-competitive agreements, abuse of dominant position and regulation of combinations. In the case of *Shri Neeraj Malhotra, Advocate v. North Delhi Power Ltd. & Ors.*<sup>8</sup> the anti-competitive behaviour of the electricity distribution companies was alleged and issue with regard to the jurisdiction was raised. The court asserted that where ever the question with regard to abuse of dominant position are raised the matter would fall within the jurisdiction of the Competition commission.

Not only this the conflict between Competition Commission and Telecom sector was recently under spotlight. The Telecom sector is regulated by Telecom Regulatory Authority of India (TRAI) under the Telecom Regulatory Authority of India Act, 1997. The objective of the aforesaid Act is *to nurture conditions essential for the growth of telecom industry*. Section 11 of the TRAI Act delegates power to the Telecom Regulatory Authority of India ("TRAI") to "*facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services*". On comparing with the objective of the Competition Act, 2002 one could say that objectives of both legislations, when read together, intend to create an environment that may facilitate fair competition. In fulfilling the concerned objective, it appears that the jurisdiction of TRAI and the CCI overlap while dealing with dealing with competition related issues in telecom industry related matters. The issue of overlap in jurisdiction was addressed by the Supreme Court in the case of

<sup>&</sup>lt;sup>7</sup> Section 60 of the Electricity Act, 2003 states: "The Appropriate Commission may issue such directions as it considers appropriate to a licensee or a generating company if such licensee or generating company enters into any agreement or abuses its dominant position or enters into a combination which is *likely to cause or causes an adverse effect on competition* in electricity industry"

<sup>&</sup>lt;sup>8</sup> Case no. 06/2009

*Competition Commission of India* v. *Bharti Airtel Limited and Others.*<sup>9</sup> The court observed that TRAI must be allowed to deal with the jurisdictional aspect. Once ascertained by TRAI that there is an anti-competitive practice, the jurisdiction of CCI can be activated. The court further said that in this way a balance could be maintained between powers of TRAI and the CCI.

In view of the aforesaid discussion, it may be asserted that jurisdictional tussle between competition commission and other sectoral regulators exists. Through the series of cases it can be observed that a clear overlap is present between the objectives of Competition Act and other acts.

# II. <u>ANALYSIS OF THE PROVISIONS OF THE PATENTS ACT, 1970</u> AND THE COMPETITION ACT, 2002

A patent is granted to the patentee in respect of novel and inventive product/process. It is important to bear in mind that a patentee is granted a patent for an invention after a long and tedious process involving both formal and substantive examination by an administrative authority, i.e.- Indian Patent Office. The patentee enjoys the monopoly over the Patent for a specified period of 20 years. Even after the grant of a patent, the said patent is open for Post-grant opposition and revocation.

Grant of a Patent and commercialization of a Patent are two different aspects. The grant of a Patent does not *prima facie* mean that the patent holder enjoys a dominant position in the market in respect of the product/process. Accordingly, a patent right does not necessarily confer a market power. There is no guarantee that the market will recognize the value of the invention or that the inventor will be able to capture that value during the patent term. <sup>10</sup>In simple terms, mere grant of a patent does not necessarily mean commercial success. There are many other aspects which are involved in making any product a commercially successful product. Consequently, without commercial success, there is no market dominance.

<sup>&</sup>lt;sup>9</sup> (2019) 2 SCC 521.

<sup>&</sup>lt;sup>10</sup> feldman-robin.pdf, , <u>https://web.stanford.edu/dept/law/ipsc/pdf/feldman-robin.pdf</u> (last visited Dec 17, 2020).

It is pertinent to note here that there are a large number of limitations to which a patent right is subjected to. The sphere of rights of the patentee are limited by the already existing prior arts, overlapping patent rights, limitation of market etc. Exercising lawful right by a patentee in the market is often interpreted as abuse of dominant position by the patentee. It is pertinent to mention that the Indian Courts in plethora of judgements arguably (mis)interpreted, that exercise of Patent rights would lead to abuse of dominant position in the market and therefore without getting into the complex license arrangement, courts assumed jurisdiction of Competition Commission. Lack of technical expertise to understand technology (involved in patents) and economics (involved in competition) leads to a onedimensional interpretation ignoring many other facets. Further, automatic assumption by court that a patent holder is in dominant position in the market is required to be reconsidered, as eventually, interference with the innovation would discourage competition. Firstly, it is to be bore in mind that grant of patent and commercial success comes under different spheres. A granted patent would not automatically guarantee commercial success and commercially successful innovation are not always patentable. These nuances are required to be understood by the Courts. Thus, there is a need for clear guidelines with regard to the scope of rights which a holder of patent could exercise without inviting the attention of Competition Commission.

In the next part the authors would look into the various provisions of the Patents Act and try to understand whether the Indian Patents Act, 1970 provides for sufficient remedies in dealing with Anti-Competitive practices adapted by a patentee.

# A. <u>DOES THE PATENTS ACT, 1970 PROVIDE SUFFICIENT REMEDIES</u> <u>WHILE DEALING WITH ANTI-COMPETITIVE PRACTICES?</u>

In the Monsanto and the Ericsson cases it was argued that the Patents Act, 1970 is a selfsufficient Act. Where an Act is a complete code, then the legislative intent is to govern all aspects under the code itself. <sup>11</sup> The fact that the Patents Act provides for the remedies such as compulsory license and revocation on non-working, any abuse of rights by the Patentee could be addressed under the Patents Act, 1970 and the jurisdiction of the Competition Commission is ousted.

To remedy the evils of abuse of dominance, exercise of monopoly wider in scope and exercise of monopoly for a longer duration, there are specific provisions under the Patents

<sup>&</sup>lt;sup>11</sup> Patel Brothers v. State of Assam and Ors. [2017], AIR2017SC383

Act, 1970. For instance, Section 140 of the Patents Act, 1970 remedy the evil of abuse of dominance as it elaborates upon the conditions which are unlawful to be inserted in an agreement for sale/purchase of a patented article. S. 140(1) illustrates that

(1) It shall not be lawful to insert-

(*i*) in any contract for or in relation to the sale or lease of a patented article or an article made by a patented process; or

(ii) in licence to manufacture or use a patented article; or

(*iii*) in a licence to work any process protected by a patent, a condition the effect of which may be-

(a) to require the purchaser, lessee, or licensee to acquire from the vendor, lessor, or licensor or his nominees, or to prohibit him from acquiring or to restrict in any manner or to any extent his right to acquire from any person or to prohibit him from acquiring except from the vendor, lessor, or licensor or his nominees any article other than the patented article or an article other than that made by the patented process; or

(b) to prohibit the purchaser, lessee or licensee from <u>using or to restrict in any manner</u> or to any extent the right of the purchaser, lessee or licensee, to use an article other than the patented article or an article other than that made by the patented process, which is not supplied by the vendor, lessor or licensor or his nominee; or

(c) to prohibit the purchaser, lessee or licensee from using or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee to use any process other than the patented process,

(d) to provide exclusive grant back, prevention to challenges to validity of Patent & Coercive package licensing, and any such condition shall be void."

Provisions similar to S. 140 and S. 141<sup>12</sup> of the Patents Act, 1970 were also available in the

<sup>&</sup>lt;sup>12</sup> 141. Determination of certain contracts-

<sup>(1)</sup> Any contract for the sale or lease of a patented article or for licence to manufacture, use or work a patented article or process, or relating to any such sale, lease or licence, may at any time after the patent or all the patents by which the article or process was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by the purchaser, lessee, or licensee, as the case may be, of the patent on giving three months notice in writing to the other party.

Patents Act, 1977 enacted by the British parliament i.e. S.  $44^{13}$  and S.  $45^{14}$ . Interestingly, it was only after the enactment of the Competition Act, 1998 these two sections were repealed to avoid the unnecessary overlap and ambiguity. The Competition Act in India was enacted in 2002. However, even after the enactment of the Competition Act, the two provisions (S. 140 and S.  $141^{15}$  of the Patents Act, 1970) were not repealed. The legislative intent appears to give powers to the Controllers instead of the Competition Commission.

Arguably, by the virtue of S. 140 of the Patents Act any restrictive or unfair conditions of a license agreement could be challenged by filing a civil suit for declaring the agreement null and void. However, the competitor companies instead chose to file complaints against the patentee before the Competition Commission thereby, eliminating the dominant player (patentee) from the market. Which in turn discourages the Patentee to invest into research and development and also reduces investment on behalf of other competitors. The above notion would be thereby against the basic objective of the Competition Act and Patents Act.

Further, Chapter XVI of the Patents Act, 1970 is titled as Working of Patents, Compulsory License and revocation. S 83<sup>16</sup> under this chapter is titled as general principles to working of patented invention and clearly provides that in exercising powers under this chapter, due regard should be given to the general considerations as laid down under S. 83. The plain reading of S. 83 along with other provisions under this chapter gives an impression that the legislature while enacting the Patents Act, 1970 clearly intended to give powers to the Controller to decide, *inter alia*, whether any practice adapted by the patentee is anti-competitive in nature or not. Clause (f) of S 83 further states that "*that the patent right is not abused by the patentee or person deriving title or interest on patent from the patentee, and* 

<sup>15</sup> 141. Determination of certain contracts-

<sup>(2)</sup> The provisions of this section shall be without prejudice to any right of determining a contract exercisable apart from this section.

 $<sup>\</sup>frac{13}{4}$  Section 44- Avoidance of certain restrictive conditions

<sup>&</sup>lt;sup>14</sup> Section 45- Determination of parts of certain contracts.

<sup>(1)</sup> Any contract for the sale or lease of a patented article or for licence to manufacture, use or work a patented article or process, or relating to any such sale, lease or licence, may at any time after the patent or all the patents by which the article or process was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by the purchaser, lessee, or licensee, as the case may be, of the patent on giving three months notice in writing to the other party.

<sup>(2)</sup> The provisions of this section shall be without prejudice to any right of determining a contract exercisable apart from this section.

 $<sup>^{16}</sup>$  General principles applicable to working of patented inventions.—Without prejudice to the other provisions contained in this Act, in exercising the powers conferred by this Chapter, regard shall be had to the following general considerations, namely..... that patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public.

the patentee or a person deriving title or interest on patent from the <u>patentee does not resort</u> to practices which unreasonably restrain trade or adversely affect the international transfer of technology;". S. 83 (f) makes use of a term "<u>Unreasonably restrain trade</u>", however the Patents Act, 1970 is silent with regard to what would constitute an unreasonable restrain of trade. Upon careful review, we may find that S. 4 of the Competition Act, 2002 which deals with abuse of dominant position wherein, it defines "*limit or restrict*" under clause (b) of Section 4. However, it does not provide any definition for "restrain". The terms restrict/limit/restrain, cannot be used interchangeably and all three terms have their different inherent scope and meaning. It is to bear in mind that a patentee has a negative right which includes the right to exclude its competitors. Another issue with the Section 83 is that it is silent regarding the appropriate forum which would have the jurisdiction to decide which activity of the patentee would constitute an unreasonable restrain of trade.

The provision of Compulsory licensing under S. 84 embodies the basic objective of granting a patent, and thus, where reasonable requirements of public with regard to a patent invention have not been satisfied or where the patented invention is not available to the public at the reasonable affordable price or if the patented invention is not worked in the territory of India, the Controller may grant a Compulsory License. Other sections under this chapter provide various powers of the Controller which the Controller can exercise while adjudicating an application for a compulsory license. Further, section 90<sup>17</sup> of the Patents Act provides guiding principles which the Controller shall keep in mind while deciding terms and conditions of compulsory license and S 90 (1) (ix) provides "that in case the licence is granted to remedy a practice determined after judicial or administrative process to be anticompetitive, the licensee shall be permitted to export the patented product, if need be". Section 90(ix), deals with the anti-competitive practice determined by a Judicial or Administrative process, however the section does not stipulate which specific administrative body would decide the practice as anti-competitive. Even though by virtue of S. 77<sup>18</sup> of the Patents Act, 1970 the Controller has powers of the civil court and empowered to decide whether the practice is anti-competitive or not, there has been no precedent in this regard.

Thus, a Controller under the Patents Act is well positioned to determine whether an act would constitute anti-competitive practice or not. However, the Patents Act does not clarify appropriate body which must exercise this power thereby, leading to conflict.

<sup>&</sup>lt;sup>17</sup> S. 90 - Terms and conditions of compulsory licences.

<sup>&</sup>lt;sup>18</sup> S. 77- Controller to have certain powers of a civil court.

# **B.** <u>IS THERE ANY IRRECONCILABLE CONFLICT BETWEEN THE</u> <u>COMPETITION ACT AND PATENTS ACT ?</u>

The provision of the Competition Act, 2002 which deals with Intellectual property rights is S.  $3(5)^{19}$  which excludes the applicability of the <u>Competition Act</u> in respect of any agreement, which relates to restraining infringement of any patent rights. The Court in the Monsanto case remarked "*that the rights under S. 3(5) are not unqualified*". It was also observed that only agreements that are "*necessary for protecting any of his rights which have been or may be conferred upon him under*" the specified statutes provide for the safe harbour under Subsection (5) of Section 3 of the Competition Act. Thus, a patentee has a right to impose only reasonable conditions. The Courts in India are doing a blanket application of the provision and without any satisfactory explanation regarding what would constitute reasonable or unreasonable.

Further, S. 60<sup>20</sup> of the Competition Act, clarifies the position of the Competition Act vis-a-via the other statues and it states that the Competition Act would have an overriding effect over the other laws. Thus, setting the stage for the exercise of jurisdiction by the Competition Commission. The Courts discussed about the relevance of S. 60 of the Competition Act, 2002 in Competition Commission of India v. *M/s Fast Way Transmission Pvt. Ltd. and Others*<sup>21</sup> and remarked that "Section 60 then gives the Act overriding effect over other statutes in case of a clash between the Act and such statues to effectuate the policy of the Act, keeping in view the economic development of the country as a whole" Also, Section 62<sup>22</sup> of the Competition Act and not in derogation of the provisions of any other law for the time being in force", clearly expresses the legislative intent that the <u>Competition Act</u> is in addition to other laws.

<sup>&</sup>lt;sup>19</sup> (5) Nothing contained in this section shall restrict— (i) the right of any person to restrain any infringement of, or to impose reasonable conditions, as may be necessary for protecting any of his rights which have been or may be conferred upon him under-

<sup>(</sup>a) the Copyright Act, 1957 (14 of 1957);

<sup>(</sup>b) the Patents Act, 1970 (39 of 1970);

<sup>(</sup>c) the Trade and Merchandise Marks Act, 1958 (43 of 1958) or the Trade Marks Act, 1999 (47 of 1999); (d) the Geographical Indications of Goods (Registration and Protection) Act, 1999 (48 of 1999);

<sup>(</sup>e) the Designs Act, 2000 (16 of 2000);

<sup>(</sup>f) the Semi-conductor Integrated Circuits Layout-Design Act, 2000 (37 of 2000);

<sup>(</sup>ii) the right of any person to export goods from India to the extent to which the agreement relates exclusively to the production, supply, distribution or control of goods or provision of services for such export.

<sup>&</sup>lt;sup>20</sup>S. 60 of the Competition Act, 2002- The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

<sup>&</sup>lt;sup>21</sup> Competition Commission of India v. M/s Fast Way Transmission Pvt. Ltd. and Others, [2018 4 SCC 316]

<sup>&</sup>lt;sup>22</sup> Section 62 of the Competition Act, 2002- Application of other laws not barred.—The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

After analysing the provisions of the Completion Act *vis-a-via* the Patents Act it appears that the conflict between Patents Act and Competition Act does not exist.

#### III. <u>POSITION IN US AND EU</u>

The US courts have observed that the Competition Law and the Intellectual property Law are aimed at encouraging innovation, industry and competition.<sup>23</sup> Further, the European commission also observed that "inherent conflict between intellectual property rights and the Community competition rules"<sup>24</sup>

However, conflict in the interface of these two laws has been a point of discussions and deliberations under both the jurisdictions. Adopting a balanced approach whereby, the monopoly under Intellectual property law could be appropriately enjoyed with minimum anticompetitive behaviour has been the primary goal under both jurisdictions.

Under the US Laws, DOJ (Department of Justice) and FTC (Federal Trade Commission) have the responsibility to enforce the antitrust laws (Competition Laws). The three primary U.S. federal antitrust laws are the Sherman Act, the Clayton Act, and the FTC Act. IP rights promote innovation and technology transfer as the companies are encouraged to invest in research and development for the creation of new products and improving the quality. On the other hand, the Anti-trust law also promotes innovation, with introduction of new and improved products or services. It is relevant to point here that the mutual aim of both these laws have also been recognized by the US courts stating that aims and objectives of patent and antitrust laws . . . are actually complementary, as both are aimed at encouraging innovation, industry and competition." <sup>25</sup> Under the US law, the concept/understanding with regard to licensing freedom is well crystalized. Thus, the anti-trust laws do not impose liability upon a firm for a unilateral refusal to assist its competitors. The justification behind the same is that the innovators would be less likely to fund the research if the government later decides that this technology would be shared with others. Therefore, the US court

<sup>&</sup>lt;sup>23</sup> Atari Games v Nintendo, 897 F.2d at 1576

<sup>&</sup>lt;sup>24</sup> Notice providing guidelines on the application of Article 81 of the EC Treaty to technology transfer agreements (OJ 2004 C101/02) (Guidelines on Technology Transfer Agreements)

<sup>&</sup>lt;sup>25</sup> Atari Games Corp. v. Nintendo of Am., Inc., 897 F.2d 1572, 1576 (Fed. Cir. 1990)

rejected the notion that IP owners have the duty to deal with competitors.<sup>26</sup>

The Directorate for Financial and Enterprise Affairs Competition Committee in its paper issued on June 6, 2019 discussed about various anti-competitive practice and flexible framework available to IP holders. With regards to Exclusive dealing arrangements<sup>27</sup> it was observed that such arrangements can have procompetitive benefits including encouraging licensees to invest in the commercialization, distribution, and improvement of licensed technology.

This approach of balancing the IP vis-a-vis the Anti-trust laws could be clearly observed in the judicial decisions delivered by the US courts. For instance, in the case of *Monsanto Co* v  $McFarling^{28}$ , the dispute arose after unilateral refusal to license IP rights by Monsanto. Monsanto sued for patent infringement after McFarling, a farmer, breached a biotechnology licence by replanting seeds from a crop grown from Monsanto's patented soybeans. On the other hand, McFarling alleged that Monsanto tied a patented product (the original seed) to an unpatented second-generation soybean seed. The Federal courts observed that Monsanto's raw exercise of its right to exclude from the patented invention by itself is a "tying" arrangement that exceeds the scope of the patent grant.

In the case of *FTC* v Actavis <sup>29</sup>, the Supreme Court held that reverse payment patent settlements are subject to antitrust scrutiny under a rule of reason standard. Further, the court observed that pay-for-delay agreements between brand and generic drug companies are subject to antitrust scrutiny.

Thus, the Federal Antitrust agencies and Courts treat antitrust and Intellectual property as complementary areas of law and look into areas of competition, innovation and consumer welfare. Antitrust claims based on the acquisition, assertion or transfer of intellectual property rights are evaluated primarily under sections 1 and 2 of the Sherman Act, section 7 of the Clayton Act or section 5 of the FTC Act. A wide body of federal case law provides guidance on the application of the antitrust laws to particular fact patterns.

<sup>&</sup>lt;sup>26</sup> Verizon Commc'ns Inc. v. Law Offices of Curtis V. Trinko, LLP, 540 U.S. 398, 407-08 (2004)

 $<sup>^{27}</sup>$  An exclusive dealing arrangement prevents or restrains the licensee from licensing, selling, distributing, or using competing IP, technology, or products.

<sup>&</sup>lt;sup>28</sup> Monsanto Co v. McFarling (363 F. 3d 1336, 1342 Fed. Cir. 2004)

<sup>&</sup>lt;sup>29</sup> 570 U.S. 136 (2013)

The European Commission, deliberates that both bodies of law (IP laws and Competition Laws) share the same basic objective of promoting consumer welfare and an efficient allocation of resources. The European Court of Justice while explaining the harmony between the IP rights and Competition Law observed that there exists a difference between existence of IP rights and their exercise. Accordingly, the EC competition law never interferes with the existence of IP rights but it may exercise its powers to influence the manner in which the IP rights are exercised. The exercise of IP rights is subject to Articles 81(1) <sup>30</sup> and 82<sup>31</sup> of the EC Treaty. The European Commission considers that the IP right holders are not entitled to refuse license in all circumstances and there is no complete immunity for exclusive exploitation of their rights.

Though, the refusals to license deemed lawful in most circumstances. However, a refusal to license may be found to constitute an abuse of a dominant position under Article 102 TFEU (Treaty on the Function of European Union) in certain 'exceptional' circumstances that is without an objective justification. Thus, in a case Microsoft it was observed by the commission, that refusal by a dominant undertaking to provide such information to its competitors "may, under exceptional circumstances, be contrary to the general public good by constituting an abuse of a dominant position with harmful effects on innovation and on consumers".<sup>32</sup>

Thus, where IP-Competition Law interface in US and EU jurisdiction are based upon common objective and both aim at promoting innovation, there exists certain level of differences. Under the US laws unilateral refusal to deal are not prima-facie considered as Anti-competitive in nature. On the other hand, EP in its series of cases has clearly analysed that refusals to license IP rights as abuses of dominance.

#### IV. **SUGGESTIONS**

There is a need of additional provisions in the Competition legislation expressly providing for manner of the exercise of powers of the competition commissions. They may form a part of the competition law or a subsidiary regulation. An exhaustive list of conditions should be

 <sup>&</sup>lt;sup>30</sup> Article 81(1) prohibits agreements which have as their object or effect the restriction of competition.
 <sup>31</sup> Article 82 prohibits abuses of dominance.

<sup>&</sup>lt;sup>32</sup> Microsoft/W2000

provided to access whether an intra-technology restriction has gone beyond the limits of legal protection. Also, the legislation may clearly lay down the conditions under which it can be opined by the Competition Authorities that a licensing arrangement is likely to adversely affect the market. Through the developing jurisprudence in India and other countries, guidelines can be laid detailing the circumstances under which intra-technology restrictions would be anti-competitive. The guidelines must also provide for when intra-technology restrictions could be considered pro-competitive. Through these guidelines it is required to be recognized that a patent owner is to be rewarded for their investments and encourage further research and development. These guidelines must detail about grant-back, patent-pooling, cross licensing or royalty-free exchange licensing arrangements, pay for delay etc. Hence, a balanced approach to competition law enforcement and intellectual property protection is required to be adopted. If the exercise of intellectual property rights by a patentee leads to a monopoly, there may still be a possibility for the creation of new markets or products or for innovation.

#### V. <u>CONCLUSION</u>

The basic objective behind the enactment of the Competition Act and Patents Act are supplementary and complementary to each other. However, the issue of conflict of powers between the two Acts (Patents Act and Competition Act) has been a moot point. Thus, in the light of the same there is a need of specific guidelines in matters involving Competition law and Patents Law. Unlike other jurisdiction (US and EU), India has not issued any guidelines (explanation) with regard to the matters involving Competition Act and Patents Act, due to which matters are being settled on case to case basis. On the other hand, in US and EU various guidelines are being issued clarifying the position of Competition Commission when dealing with a Patentee. Harmonizing the applicability of two laws is important. At present, the courts in India apply same/identical understanding to the Patentee as applied to any other enterprise (dealt under Competition law). Therefore, the sphere of exercise of rights by the Competition Commission is required to be well-defined especially while dealing with Intellectual property rights holders.

The Indian Patents Act, 1970 has various lacunas and the position of the Controller *vis-a-via* the Competition Commission is still unclear. It is required that S. 140 of the Patents Act is

amended to clearly identify the adjudicatory authority which should decide what would constitute anti-competitive practice. Similarly, the provisions of the Competition Act, 2002 such as S.3(5) is required to be amended, as there exists an inherent defect in understanding what would be labelled as reasonable and what would be labelled as unreasonable.

Thus, a balanced approach which would allow a balance between the contracts concerning patents and their impact on Competition. It has been well identified that the Patent rights and Competition policies complement each other. Therefore, a balance in implementation of Competition Polices and patent rights is required to be made. This balance would prevent the abuse of patent rights without annulling the reward provided by the Patent system.



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## PUBLIC INTEREST ISSUES IN COPYRIGHT

Dr. Kanan Divetia<sup>\*</sup>

# **ABSTRACT**

The present century will predominantly be known by its knowledge and information based economy, and therefore, the importance of Intellectual Property cannot be ignored. "Thou shall not steal". This is the moral basis of the protective provisions of the law of Copyright. In this new and modern digital era and with tremendous technological development, the subject of Copyright has become more significant. It has to play a vital role in the modern economic system. If the work is reproduced or exploited by the person other than the author, the person will be discouraged and demotivated to further produce new work. The copyright protection, therefore, has been extended to promote educational standards, social welfare, and intellectual creativity. The research paper would deal with the rights of the copyright owner, rights of the broadcasting owner, performer's rights and Doctrine of Fair Deal. The expression 'fair dealing is not explained anywhere in the Act. In Hubbard Vs. Vosper [1972] 2 Q.B.84 at 94-95, Lord Denning held that fair dealing is inevitably a matter of degree. In this regard, the recent case on fair dealing in Super Cassettes Industries Vs. Hamar Television Network Pvt.Ltd. (2011 (45) PTC 70 (Del), would also be analyzed. The researcher will also highlight the famous D.U. Photocopy case and public interest issues relating to the judgement. Undoubtedly piracy has become a worldwide problem and it is increasing at an alarming rate. The countries in the world are trying their level best to control it by taking stringent steps and measures. The development of technology has greatly helped the pirates. Moreover, the widespread use of the internet has trigged a sea-change in copyright law giving rise to the new challenges in the field. Hence the paper would come up with appropriate recommendations and suggestions.

<sup>&</sup>lt;sup>\*</sup> Dr. Kanan Divetia, Assistant Professor, Symbiosis Law School, Noida.

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### I. <u>INTRODUCTION</u>

Mahatma Gandhi died in 1948, bequeathing the Copyright in his works to a trust that he helped establish, the Navjivan Trust. A prolific writer, Gandhiji had authored several books and articles including his autobiography in Gujarati "Satya Na Prayogo", "The Story of My Experiments with Truth" that has been translated into several other languages. Under Copyright Act, the copyright in his works was to remain for a period of sixty years after his death (Section 22). So from the year 2008, i.e. after 60 years of his assignation, his work will fall into public domain. As written by Shyamkrishna Balganesh<sup>33</sup> in his article "Gandhi and Copyright Pragmatism" as a leader of the Indian freedom movement, whose ideas and philosophy has influenced many people including Nelson Mandela to Martin Luther King Jr.'s role in civil rights movement, granting Gandhi's work additional protection through an extension remained both politically expedient and morally justifiable. The United States had succeeded in effecting a similar extension for Walt Disney's copyright in Mickey Mouse and India for Nobel Laureate Rabindranath Tagore's work in 1991." Few Gandhi scholars wanted the term of the copyright to be extended, as they fear free use of his works would lead to exploitation of his writings by other publishers. The Navjivan Trust announced that they will not go for the extension of the term, but would allow Gandhi's work to enter the public domain.<sup>34</sup> Ownership of Gandhi's copyright was a huge source of income for the trust; it was willing to sacrifice this income in order to abide by Gandhi's own principles and beliefs.

"Thou shall not steal." This is the moral basis of the protective provisions of the Law of Copyright. The principle is that no one shall steal what belongs to another. The law does not permit anyone to make a profit and to appropriate to himself that which has been produced by the labour, skill and capital of another.<sup>35</sup>

Copyright is a property right akin to the right to property under Article 300-A of the Constitution and is subject to reasonable restrictions.<sup>36</sup> The right to property under Article 300-A is not confined to land alone and includes intangible assets.<sup>37</sup>

The law of Copyright is intended to prevent plagiarism and unfair exploitation of creative

<sup>&</sup>lt;sup>33</sup> Assistant Professor of Law, University of Pennsylvania

<sup>&</sup>lt;sup>34</sup> Gandhi's work to go public 60 years after his death. (an article in Times of India)

<sup>&</sup>lt;sup>35</sup> Walter v. Lanes 1990 AC 519 (HL), per Lord Halsbury

<sup>&</sup>lt;sup>36</sup> Entertainment Network (India) Ltd v Super Cassette Industries Ltd. (2008) 13 SCC 30.

<sup>&</sup>lt;sup>37</sup> K.T.Plantations (P) Ltd v. State of Karnataka (2011) 9 SCC 1; AIR 2011 SC 3430.

work. It is a natural extension of the freedom of speech and expression protected under Article 19(1)(a) of the Constitution. If an individual enjoys the freedom of speech and expression, he must also be guaranteed protection of the intellectual property in his expression, be it in the form of literary, dramatic, musical, artistic work, or a film or sound recording.

Copyright protection and a guarantee of material benefit to the creator of an original work is essential to ensure encouragement of creative work in all walks of life so that society can make cultural progress. Absence of such protection could demoralise creative artists to create new things. Also, since copyright protection is afforded not only to authors but to publishers and assignees of such work, if others were entitled to copy their works and profit from their sale, such persons would be hesitant to invest their resources in publishing and circulating original works.<sup>38</sup> Writes G. Davis in Copyright and the Public Interest<sup>39</sup> that "Copyright serves the public interest in freedom of expression. By enabling the creator to derive a financial reward from the work, his artistic independence and right to create and publish according to his own wish and conscience is assured". Alternative methods of rewarding creators, such as patronage, whether by the State, or by individuals, carry the risk of control or censorship.

In recent times, with the tremendous technological development and economic growth in Industrial sectors, the subject of copyright has become more significant. It plays a vital role in the modern economic system.

In respect of Copyright, the Supreme Court of India in case of *Gramophone Co. v. Birender Bahadur Pandey*<sup>40</sup> has observed, "An artistic, literary and Musical Work is the brain child of the author, the fruit of his labour and so, considered to his property. So highly, it is prized by all civilized nations that it is thought worthy of protection by national laws and international conventions."

Copinger and Stoke James in copyright<sup>41</sup> have expressed themselves on the nature of copyright as follows:

'Copyright law is concerned, in essence, with the negative right of preventing the

<sup>&</sup>lt;sup>38</sup> Madhavi Goradia Divan, *Facets of Media Law*(Eastern Book Company, 2006).

<sup>&</sup>lt;sup>39</sup> IIC Studies, Munich, 1994 XIV 173)

<sup>40</sup> AIR 1984 SC 667

<sup>&</sup>lt;sup>41</sup> 13<sup>th</sup> Ed.1991 Edn., Sweet and Maxwell.

copying of physical material. It is not concerned with the reproduction of ideas, but with the reproduction of the form in which ideas are expressed."

Originally Copyright Law was concerned with the field of literature and the arts, but to keep up with advances in technology, the protection given by copyright law has been considerably expanded over the years. Thus, today, protection has extended to (computer programs being protected as literary works), sound recordings, films, broadcasts, cable programmes and the typographical arrangements of published editions.

According to Black's Law Dictionary the term "Copyright" is the property right in an original work of authorship (such as literary, musical, artistic, photographic, or film work) fixed in any tangible medium of expression, giving the holder the exclusive right to reproduce, adapt, distribute, perform and display such works. The term 'copyright' is coined from its own ingredients, viz., 'the right to copy'. The concept of copyright comprises the exclusive right of the owner of the works to make copies thereof, and to exclusively exercise various other rights granted to him by law.<sup>42</sup>

## II. <u>RIGHTS OF OWNER</u>

The word copyright is not a single right, but it refers to a bundle of three rights namely,

## A. THE EXCLUSIVE ECONOMIC RIGHT

As enumerated under section 14 of the Copyright Act, 1957, the author has the following economic rights:

- (a) The economic rights,
- (b) The adaptation rights,
- (c) The public performance rights,
- (d) The broadcasting right,
- (e) The cable casting right,

<sup>&</sup>lt;sup>42</sup> Sec 14 Copyright Act, 1957

(f) The rental right.

#### B. MORAL RIGHTS OR SPECIAL RIGHTS OF THE AUTHOR

Even after the transfer of the economic rights, the author has certain moral rights.<sup>43</sup> These moral rights include:

- (a) Right to claim authorship of the work, and
- (b) Integrity right or the right to object to any distortion, mutilation, or other modification of the work.44

Amarnath Sehgal v. Union of India<sup>45</sup> is a landmark case decided by the Delhi High Court, which for the first upheld the moral right of an author under the Indian Copyright Act and awarded damages. The government was also asked to return his mural. The plaintiff, Amar Nath Sehgal is a renowned artist and sculptor, who in the year 1957 created a mural in the lobby of Vigyan Bhawan, Delhi on the direction of appropriate authority. The Bronze sculpture so commissioned, of about 140 ft. long and 40 ft. in height took five years to complete and was placed on the wall of the Lobby in the Convention hall. This embellishment on a national architecture became a part of the Indian art heritage. However, in 1979, the mural was pulled down and consigned to the store room in damaged and dismantled condition without notice or prior permission of the plaintiff. He filed a petition under Section 57 of the Copyright Act, 1957 in the Delhi High Court that his moral right as an artist was infringed by the defendant. The Court held that the Moral rights are the soul of the author's works.

"The author has a right to preserve, protect and nurture his creations through his moral rights. A creative individual is uniquely invested with the power and mystique of original genius, creating a privileged relationship between a creative author and his work."

Further, Section 57 of the Copyright Act, 1957 includes 'destruction of a work of art' as a ground as it is the extreme form of mutilation and reduces the volume of the author's creative corpus and affects his reputation prejudicially as being actionable under said section. Further,

<sup>&</sup>lt;sup>43</sup> Section 57 refers to the moral rights as "author's special rights."

 <sup>&</sup>lt;sup>44</sup> Amarnath Sehgal v. Union of India 2005 (30) PTC 253 (DEL)
 <sup>45</sup> Ibid

in relation to the work of an author, subject to the work attaining the status of a modern national treasure, the right would include an action to protect the integrity of the work in relation to the cultural heritage of the nation. The Court held that the plaintiff has a cause to maintain an action under Section 57 of the Copyright Act, 1957 even though the copyright in the mural stands vested in the defendants. It was further held that the defendants have not only violated the plaintiff's moral right of integrity in the mural but have also violated the integrity of the work in relation to the cultural heritage of the nation. The Court ordered the defendants to return to the plaintiff the remnants of the mural permanently with no rights vesting with the defendants henceforth and ordered the defendants to pay damages with costs. The decision taken by the single bench of the Delhi High Court was instrumental in determining the course of moral rights in the country.

#### C. <u>NEIGHBOURING RIGHTS</u>

Special rights are given to broadcasting organisations and performers under section 37 and 38 of the Copyright Act. These rights are referred to as "neighbouring rights" under international conventions.

The term 'neighbouring rights' is translated from the French words, "*Droits voisins*" that means "near to the musical work". Neighbouring rights have developed parallel to the copyright and are also called "related rights" or "secondary rights." The development of the technology resulted in the need not only to ensure protection of rights of authors of literary, dramatic, musical or artistic works but also to establish effective protection for the various intermediaries associated with the dissemination and broadcasting of works.<sup>46</sup>

In India, the Copyright Act nowhere uses the term "neighbouring rights" or "related rights". However, the Copyright (Amendment) Act, 1994 incorporated sections 37 and 38 providing special rights to broadcasting organizations and performers, respectively. The producers of phonograms were granted copyright in 1994 by including "sound recordings" under section 13 dealing with works in which copyright subsists and enumerating the rights of the producers of sound recording in section 14 of the 1957 Act. The Amendment Act of 2012 inserted a new section 38A giving exclusive rights to performers and section 38B granting

<sup>&</sup>lt;sup>46</sup> Alka Chawla Law of Copyright and comparative Perspectives (Lexis Nexis)

moral rights to the performers for the first time.

#### **D. BROADCASTING RIGHTS**

Section 37 of the Act confers a special right to every broadcasting organisation for its broadcasts, which is known as 'broadcasting reproduction right." This right subsists until 25 years from the beginning of the calendar year next following the year in which the broadcast is made.<sup>47</sup> During this period if any person, re-broadcasts the broadcast, causes the broadcast to be heard or seen in public on payment of any charges, makes any sound recording or visual recording of the broadcast, makes any reproduction of such sound or visual recording without any license, or sells or gives commercial rental or offer for sale such sound or visual recording amounts to infringement of broadcasting rights. However, there would be no infringement where the recording is for the private use of the person making the recording or is for bonafide teaching or research.<sup>48</sup> Similarly, use of excerpts of a broadcast in the reporting of current events for bonafide review, teaching or research also would not amount to infringement.49

Now a days with innumerable TV and private FM radio channels there is a cut-throat competition among the sponsors to broadcast the programmes. With the help of Satellite transmission, broadcasting has become simple and effortless. Any event happening anywhere in the world can be broadcasted live on your TV channels. The Channel giants like Sony and Star TV takes broadcasting rights and will telecast the said programme. If for e.g.: Star TV has taken the broadcasting rights from BCCI for showing the cricket match live; only Star TV can show the cricket match to the viewers. If any other channels re-broadcast it, or cause the broadcast to be heard or seen by the public on payment of any charges, makes any sound recording or visual recording of the broadcast, makes any reproduction of such sound recording or visual recording without any license or sells or gives such sound recording or visual recording for commercial rental, then all such unauthorized actions will amount to infringement of the broadcasting rights.

In a recent broadcasting rights battle between Sony TV and Star TV, Star TV had won the Indian Premier League media rights including broadcast and digital rights for whopping price

<sup>&</sup>lt;sup>47</sup> Sec 37(2) of the Copyright Act, 1957
<sup>48</sup> Sec 39(a) of the Copyright Act, 1957
<sup>49</sup> Sec 39(b) of the Copyright Act, 1957

of Rs 16,347.50 crore for a five-year period from 2018 to 2022.<sup>50</sup>

#### E. <u>RIGHTS OF PERFORMERS</u>

In olden days, there was a tremendous craze regarding live performance of the artists in the field of music, dance, and drama. Huge audience was attracted to see their favourite artist performing live on the stage. Also, it was of great pride for the artist to give live performance before their fan following. People used to wait in a long queue to see their favourite artist performing live on the stage. Unfortunately with the technological innovations performers are replaced by their recordings. It is cheaper for the sponsors to play their recordings instead of inviting the performer and paying him huge amount. This has resulted in a kind of technological unemployment for the performer.

Section 2(qq) was inserted in the Act for first time by the 1994 amendment, that defines "performer" to include an actor, singer, musician, dancer, acrobat, juggler, conjuror, snake charmer, a person delivering lecture or any other person who makes performance. A performer is conferred with a special right in relation to his performance known as the 'performer's right.<sup>51</sup> This right subsists for a period of 50 years.<sup>52</sup> Exceptions of infringement are same as that of the broadcast reproduction rights.<sup>53</sup>

## III. DOCTRINE OF FAIR DEALING

The expression "fair dealing" is not defined anywhere in the Act. In *Hubbard v. Vosper*<sup>54</sup> Lord Denning held that fair dealing is inevitably a matter of degree and one must consider the use made of them. Under section 52 of the Copyright Act, 1957 deals with nearly forty actions which shall not constitute an infringement of copyright. *Chancellor Masters and Scholars of University of Oxford v. Narender Publishing House*<sup>55</sup>, the plaintiff claimed copyright of the book "Oxford Mathematics Part A and B" based on the syllabus of Class IX.

<sup>&</sup>lt;sup>50</sup> <u>http://cricket.rediff.com/commentary/2017/sep/04/liveupdates.htm</u> (last visited on 5th December 2017)

<sup>&</sup>lt;sup>51</sup> Section 38(1)

<sup>&</sup>lt;sup>52</sup> Section 38(2)

<sup>&</sup>lt;sup>53</sup> Section 39.

<sup>&</sup>lt;sup>54</sup> [1972] 2 Q.B. 84 at 94-95.

<sup>&</sup>lt;sup>55</sup> 2008 (38) PTC 385 (Del)

Defendants copied all the questions from the Plaintiff's book and prepared a guidebook titled "Teach Yourself Mathematics (fully solved)." The guide book provided step by step approach to finding answers to the questions. The defendants claimed the exemption under section 52(1) (a) of their work fell under the 'review' of the book. In Super Cassettes Industries v. Hamar Television Network Pvt. Ltd.<sup>56</sup> the plaintiff who carries on the business under T-Series Brand of music cassettes sought an injunction against the defendant, a Bhojpuri channel restraining it from broadcasting its copyrighted works. The defendant took the defense of section 52(1)(a)(i) and (ii) by claiming that the alleged broadcast was in the nature of "review" for reporting current events. The court decided in favour of the plaintiff and summarised 13 broad principles of law which were enunciated in the judgments cited before him in the aspect of "fair dealing." wherein it was stated that it is neither possible nor advisable to define the exact contours of fair dealing and it is a question of fact, degree and at the end of the day overall impression carried by the court. It was further stated that, the principle of freedom of expression will protect both information and ideas. It includes the right to publish and receive information. Public interest may in certain circumstances be so overwhelming that courts would not refrain from injuncting use of even 'leaked information' or even the right to use the 'very words' in which the aggrieved person has copyright, as at times, public interest may demand the use of the 'very words' to convey the message to the public at large. 'Public interest' and what 'interests the public' need not be same.

The public interest considerations in IP law have helped Indian courts when deciding infringement cases, and courts have leaned towards upholding socio-economic ideals such as access to education and public health. Issues such as lack of affordable medicines and access to knowledge are concerns which affect millions of lives in a country like India and therefore, cannot be overlooked when deciding to what extent limitation (if any) should be placed on private rights such as intellectual property rights. However, when public interest exceptions are interpreted too broadly by Indian courts, it raises concerns of abuse of public interest provisions as was in *The Chancellor Masters & Scholars of University of Oxford & ors. Vs. Rameshwari Photocopy Services & ors.*<sup>57</sup> *popularly known as DU photocopy case.* Rameshwari Photocopy shop, located in the precincts of the Delhi School of Economics was sued by International Publishers over the preparation and distribution of course packs to University students. The Plaintiff claimed that the course packs only contained the

<sup>56 2011 (45)</sup> PTC 70 (Del)

<sup>&</sup>lt;sup>57</sup> CS(OS) 2439/2012, I.As. No. 14632/2012 (of the plaintiffs u/O 39 R-1&2 CPC), 430/2013 (of D-2 u/O 39 R-

<sup>4</sup> CPC) & 3455/2013 (of D-3 u/O 39 R-4 CPC) decided on 16<sup>th</sup> September, 2016.
copyrighted material and the same were sold to the students. The defendants argued that the making of course packs by DU was covered by educational exception. The outcome of this case is quite desirable one. The contours of the educational exception invite concerns of the misuse of this right at the expense of copyright holders. Further, an unfettered right to copy (as recognized by the Delhi High Court) risks exposing India to criticism in international forums for weak protection of intellectual property rights.

### IV. <u>CONCLUSION</u>

Public Interest fundamentally refers to the recognition, protection and advancement of the general welfare and rights of the public. Despite the realization towards common well-being and general welfare there exists little consensus on the constitution of public interest.<sup>58</sup>In the words of Justice Bhagwati while defining public interest quoted that:

"Redressing public injury, enforcing public duty, protecting social, collective, 'diffused' rights and interests or vindicating public interest." <sup>59</sup>

As quoted by RIAA's<sup>60</sup> Neil Turkewitz

"Copyright protection advances the public interest, and good public policy must properly consider the role of intellectual property as a tool for economic emancipation, a catalyst for cultural diversity, and a powerful protector of individual dignity and fundamental human rights,"

Several cases related to public interest are filed in the court. Challenge before the court is to balance the needs of the citizens with the needs of the right holders. Nowadays, copyright infringement is a prevalent phenomenon throughout the globe and India is not an exception to this menace. Moreover, as a result of the advancement of technology, piracy has become a worldwide problem. It is increasing at an alarming rate all over the world. The countries in the world are trying their level best to control it by taking stringent steps and measures. The piracy of books, sound recording, and films has become very easy and common. The

<sup>&</sup>lt;sup>58</sup> Rishika Taneja and Sidhant Kumar, *Privacy Law Principles, Injunctions and Compensation* (Eastern Book Company, Lucknow)

<sup>&</sup>lt;sup>59</sup> S.P.Gupta v. UOI AIR 1982 SC 149.

<sup>&</sup>lt;sup>60</sup> Recording Industry Association of America. is a trade organization that represents the recording industry in the United States. (Source Wikipedia) (last visited on 9<sup>th</sup> December, 2017.

development of new techniques of sound recording, audio/video-programming has greatly helped the pirates. In order to control the piracy, the Act was amended in the year 1983. Again, the Act was amended in the year 1992 for increasing the term of the copyright from fifty to sixty years from the death of owner of the copyright in all works. These days, everyone acknowledges the revolution in information access and delivery. Electronic information has changed the way we live, the way we work, the way we solve problems and at a basic level, it has changed the way we think.



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# A CRITICAL ANALYSIS OF IMPLEMENTATION OF ACCESS AND BENEFIT SHARING IN INDIA

Alaknanda<sup>\*</sup>

# ABSTRACT

There are millions of species across the world and India has tremendous varieties of species including plants, animals and biological genetic resources that could be potentially useful to humans. Significant potential benefits can be obtained by accessing these genetic resources by making use of them. Since the latter half of 20<sup>th</sup> century, we have witnessed significant growth in international momentum to establish legal regime for regulating access to genetic resources by the biological rich developing countries. This momentum led to the entry into force of the Convention on Biological Diversity (CBD), an international legal framework which sought to encourage formation of mutually beneficial relationships between the users and providers of genetic resources based on bilateral agreement. India, by virtue of being a ratifying state, was legally obligated to enact the Biological Diversity Act (B.D. Act) in the backdrop of the increasing an enormous number of instances encompassing biopiracy cases. Certain examples of the cases of biopiracy are the Neem Case, the Basmati Cases and the Turmeric Case in which the biological resources and traditional knowledge of the indigenous people in India were misappropriated from them and patents were obtained in relation to them in foreign countries without any prior approval from the Government of India. Access and benefit sharing with the noble idea of extending the monetary and non-monetary benefits to the traditional and indigenous community in India has failed to successfully recognize the benefit claimers and make them a part of the ABS negotiation. Lack of awareness amongst these primitive tribes about their rights under the grand scheme of CBD and subsequent legislation by India has led to the failure of appreciating the rich biological diversity and traditional knowledge in India. The objective of the research paper is to revisit the biological

<sup>\*</sup> ALAKNANDA, Assistant Professor, Amity Law School, Amity University Noida.

diversity law and framework in India and analyze the implementation of access and benefit sharing with respect to some recent cases. The research paper also focuses on the objective of analyzing judicial doctrines and developments for the protection of biodiversity in India and balancing patent with public welfare and rights of the indigenous people in India.

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## **INTRODUCTION**

The objective of this paper is to primarily focus on the conflict that has ensued between the patent regime and the body of traditional knowledge in India. The first section establishes the growth of Indian legislation on biological diversity and provides an outline of the workings of the authorities established under their aegis. The second section looks through the lens of an Indian traditional knowledge conservationist at the patent regime, and makes use of the case studies of neem and turmeric patents to do so. In the third part of this paper, an overview of the stance of the Indian judiciary has been summarized. Finally, the last part puts forth an analysis of a potential bridging between the TK and patent law in the form of the Traditional Knowledge Digital Library. The paper also examines the status of the biodiversity rules implemented in the state of West Bengal.

The effort of the international community for sustainable biological diversity can be traced back to the United Nations (UN) Conference on Human Environment commonly known as the Stockholm Conference of 1972.<sup>61</sup> The Stockholm conference was the first UN Conference focused on environmental issues. The manifesto of Stockholm convention stated that the earth's resources are finite and there is an urgent need to safeguard these resources for the survival of the present and future generation.

In the year 1992, 20 years after the Stockholm Convention, UN Conference on Environment Development (UNCED) known as the Earth Summit<sup>62</sup> was held in Rio de Janeiro, Brazil from June 3- 14, 1992 as a worldwide mandate for economic development with protection to the environment. The Rio Declaration laid down 27 principles for sustainable development and protection of environment.

Since the latter half of 20<sup>th</sup> century, there was a growing international momentum to establish legal regime for regulating access to genetic resources. This momentum led to the entry into force of the Convention on Biological Diversity (CBD)<sup>63</sup>, an international legal framework which sought to encourage formation of mutually beneficial relationships between the users

<sup>&</sup>lt;sup>61</sup> United Nations Conference on Human Environment (Stockholm Conference), retrieved from: https://sustainabledevelopment.un.org/milestones/humanenvironment, last accessed on 27<sup>th</sup> of August, 2020.

<sup>&</sup>lt;sup>62</sup> United Nations Conference on Environment and Development, retrieved from: https://www.un.org/geninfo/bp/enviro.html, last accessed on 27<sup>th</sup> of August, 2020.

<sup>&</sup>lt;sup>63</sup>THE CONVENTION ON BIOLOGICAL DIVERSITY, Retrieved from: https://www.cbd.int/ (last accessed on 27<sup>th</sup> of August 2020)

and providers of genetic resources based on bilateral agreement. The Convention on Biological Diversity (CBD) which is a multilateral treaty having the goal of conservation of biological resources, sustainable use of its components and fair and equitable sharing of benefits arising from the utilization of genetic resources was signed at the Earth Summit on 5<sup>th</sup> of June, 1992 and came into force on 29<sup>th</sup> of December, 1993. The CBD has two supplementary protocols which are the Nagoya Protocol on Access to Genetic Resources and Fair and Equitable sharing of Benefit Arising from their Utilization (ABS),<sup>64</sup> which was adopted on 29<sup>th</sup> October 2010 in Nagoya, Japan and came into force on 12<sup>th</sup> of October, 2014 and the Cartagena Protocol on Biosafety to the CBD which was signed on 15<sup>th</sup> of May, 2000 at Montreal, Quebec, Canada and came into force on 11<sup>th</sup> of September, 2002.

A big 'stakeholder' that cuts across all countries is industry, which has made huge inroads in these past nine years. The bio-industry and the governments supporting it are the key players in the rule-setting on access. As of date, 193 countries of the world are part of the CBD (with the exception of USA). Each of these, depending on the extent of biological wealth they possess and the technological prowess they command, is either a user and/or provider country of *genetic resources*<sup>65</sup>.

### HISTORICAL BACKGROUND

Genetic resources historically formed part of common heritage of mankind (hereinafter referred to as CHM) and were treated as belonging to global commons. The countries that were rich in biological resources were not able to fully utilize and benefit from their biological resources consisting of species, crops and plant varieties like rubber, cocoa, quinine etc. as they were being rampantly smuggled abroad.<sup>66</sup>Due to technological innovation and development, a large number of industries started evolving the use of genetic resources and have become active in bioprospecting i.e. "the collection and exploration of biological

<sup>&</sup>lt;sup>64</sup> THE NAGOYA PROTOCOL ON ACCESS TO GENETIC RESOURCES AND THE FAIR AND EQUITABLE SHARING OF BENEFITS ARISING FROM THEIR UTILIZATION (ABS) TO THE CONVENTION ON BIOLOGICAL DIVERSITY, retrieved from: https://www.cbd.int/ (last accessed on 27<sup>th</sup> of August, 2020)

<sup>&</sup>lt;sup>65</sup> Vishwas Kumar Chouhan, *Protection of Traditional Knowledge in India by Patent: Legal Aspect* IOSR Journal of Humanities and Social Science, Volume 3, Issue 1 (Sept-Oct 2012) p 35.

<sup>&</sup>lt;sup>66</sup>W. Lesser, Sustainable Use Of Genetic Resources Under The Convention On Biological Diversity: Exploring Access And Benefit Sharing, WALLINGFORD, CAB INTERNATIONAL, 127-135 (1997).

resources for commercial purposes."<sup>67</sup>Most well-known industries actively indulging in bioprospecting are pharmaceutical and agricultural industries which are involved in the fields of cosmetics, biotechnology, personal care, botanical medicine, horticulture, crop protection etc.

In the above context, "biopiracy" emerged as a defining context for the corporations and the industrialized countries who were claiming ownership, taking advantage of the genetic resources and Traditional Knowledge (hereinafter referred to as TK) that existed in the developing countries. However, the term biopiracy is rather controversial and imprecise and is generally referred to as "illegal use "or "illegal access" by experts and has been adopted under the Bonn Guidelines.<sup>68</sup>

The idea behind placing genetic resources as global commons is that biogenetic resources are free to be used by anyone in the production of medicines, agriculture etc. However, the fact that bioprospecting industry failed to adequately compensate and involve the stakeholders, led to alternative and destructive uses of biodiversity. Further, the use of biological resources in this form of bioprospecting was unsustainable and threatened species to extinction.<sup>69</sup>

## THE INDIAN FRAMEWORK

In pursuance of its status as a ratified member to the CBD, India enacted the Biological Diversity Act (BDA)<sup>70</sup>, whose objective is to conserve India's biological diversity, ensure sustainable use of its biological resources and ensure equitable sharing of benefits arising out of use of its biological resources. These objectives follow an extremely close pattern with the objectives of the CBD.<sup>71</sup> Although the BDA came into existence in 2002, the subsequent Rules notified in 2004 gave it teeth.<sup>72</sup>

<sup>&</sup>lt;sup>67</sup>Walter. V. Reid et al. A New Lease On Life, in Biodiversity Prospecting: Using Genetic Resources for Sustainable Development, (WASHINTON, DC WRI) (1993).

<sup>&</sup>lt;sup>68</sup>Graham Dutfield, *Protecting Traditional Knowledge: Pathways To The Future*, INTERNATIONAL CENTRE FOR TRADE AND SUSTAINABLE DEVELOPMENT (ICTSD, 7-8(2004).

<sup>&</sup>lt;sup>69</sup>GOODMAN & V. WALSH, THE STORY OF TAXOL: NATURE AND POLITICS IN THE PURSUIT OF AN ANTI-CANCER DRUG (1<sup>st</sup> Ed.2001)

<sup>&</sup>lt;sup>70</sup> Biological Diversity Act, 2002.

<sup>&</sup>lt;sup>71</sup> Convention on Biodiversity, Article 1.

<sup>&</sup>lt;sup>72</sup> Biological Diversity Rules, 2004.

The BDA sets up a three-tier system<sup>73</sup> for biodiversity management in furtherance of its objectives: The National Biodiversity Authority (NBA) which is the apex body, state biodiversity boards (SBBs) in each of the 29 Indian states, and the local-level biodiversity management committees (BMCs) that with their respective local self-governments i.e. municipalities and panchayats. As of today, all 29 states have established SBBs and of them, 25 have notified their State Rules.<sup>74</sup>

Amongst its responsibilities, the apex NBA is the approving authority under the Act for Intellectual Property Rights (IPR). To achieve this, the Act directs to the NBA persons who wish to apply for any IPR, or base research or information on the biological resources of India. To carry out any of these actions, the approval of the NBA is mandatory, failing which punitive measures in the form of fine up to Rs. 10 lakh, or damages with fine, or imprisonment up to 5 years, may follow.

# THE PATENT REGIME AND THE CONTENTIOUS CASES OF NEEM AND TURMERIC

The domains of patent law and traditional knowledge (TK) have always been at loggerheads.<sup>75</sup> The patent regime looks to preserve exclusivity to innovation, which in turn bolsters the innovation paradigm. Its contribution to the paradigm is significant as earlier, with new ideas; the innovators would create a veil of secrecy around them and put them away from use by general society. Now, with exclusive recognition of their ideas, innovators stand to be compensated for their work, and the market stands to benefit from a more multifaceted pool of ideas.

The World Intellectual Property Organisation defines as TK as "knowledge, know-how, skills and practices that are developed, sustained and passed on from generation to generation within a community, often forming part of its cultural or spiritual identity". It is a dynamic body of knowledge, and is part and parcel of having a non-commercially guided relationship with the ecosystem.

<sup>&</sup>lt;sup>73</sup> Shan Kohli, Spicy IP Fellowship 2016-17: Biopiracy in the context of the plunder of wheat in India (March 21, 2016).

<sup>&</sup>lt;sup>74</sup>National Biodiversity Authority, NBA Annual Report 2016-17.

<sup>&</sup>lt;sup>75</sup> Sharad Vadehra, Conflict between Indian Patents Act and Biological Diversity Act (June 7, 2020)

The two starkest examples from the Indian experience that highlight this void involve the cases of neem and turmeric:

#### a) Neem

The Neem tree is legendary in India. It consists of potential chemical compounds which is capable of curing various diseases including diabetes, leprosy, skin diseases and ulcers. People in India have been using the seeds, leaves, flowers of Neem tree since a long time due to its medicinal and antiseptic properties. The use of Neem for its medicinal properties is even mentioned in the ancient Indian Ayurvedic texts and well known among the indigenous people of India.

W.R. Grace and the Department of Agriculture, USA filed for a patent over a fungicide extracted from Neem seeds before the European Patent Office (EPO).<sup>76</sup> The EPO initially granted the patent, but faced opposition at the hands of the coalition formed by the Council for Scientific and Industrial Research (CSIR), international NGOs, and Indian farmers.<sup>77</sup> The coalition submitted evidence that the fungicidal effect of neem seed extract had been known and in use by Indian farmers for centuries and were not an invention, as had been claimed. This challenge was successful, the EPO revoked the patent in 2000.

### b) Turmeric

Turmeric is a common household item used as flavoring in Indian cooking, in addition to having medicinal properties. The use of turmeric is well known in India and it has been an age-old practice of using turmeric as an antiseptic, skin care product, cooking ingredient and for other household activities.

In 1995, the University of Mississippi applied for a patent over the "use of turmeric in wound healing" which was contested by the CSIR.<sup>78</sup> The CSIR claimed that turmeric had been used for thousands of years in India for healing wounds and rashes, and the claim of "discovering" its medicinal potential was not legitimate. To support this claim, documentary evidence was produced citing ancient Sanskrit texts.<sup>79</sup> Here, too, the CSIR was successful, and the patent was revoked.

<sup>&</sup>lt;sup>76</sup>*Patent* victory (October 24, 2000) https://www.thehindubusinessline.com/2000/10/24/stories/042421e2.htm (Last visited on August 25, 2020).

<sup>&</sup>lt;sup>77</sup> Report of the Commission on Intellectual Property Rights (2002) p. 76

<sup>&</sup>lt;sup>78</sup> Raj Chengappa, *Patents: India wins a victory over turmeric but the war is on* (September 8, 1997).

<sup>&</sup>lt;sup>79</sup> Presentation by the Indian Patents Office, Proposal to include the Indian Traditional Knowledge Digital Library in the PCT Minimum Documentation.

In the above cases, the patent seekers were looking to patent features that had existed in the natural state of things, and been utilized by local communities in techniques for centuries, thereby forgoing the possibility of novelty. It would only be possible to patent modifications of TK or bio-resources. However, it has not been a simple matter to demarcate the two, considering the deep mistrust and dislike that the developing nations hold of the West and of multinational corporations (MNC).<sup>80</sup>

# <u>COMPARISON BETWEEN CENTRAL AND WEST BENGAL</u> <u>BIOLOGICAL DIVERSITY RULES</u>

The Biological Diversity Act, 2002 ('Biodiversity Act') was enacted with the exalted objectives of providing for conservation of India's rich biodiversity, sustainable usage of resources, and working out a fair and equitable mechanism of sharing the benefits derived from biological resources and associated knowledge. It is in furtherance of India's obligations arising out of being a party to the United Nations Convention on Biological Diversity which came into force on June 5, 1992. Each party State is said to have sovereign rights over its biological resources and the Biodiversity Act provides for conservation, usage and sharing of resources situated in India. The objectives of the Act are, in fact, borrowed from those of the UN Convention.

The Act envisages and provides for regulation of access to biodiversity, setting up of National Biodiversity Authority ('NBA') and State Biodiversity Boards and respective functions thereof, duties of Central and State governments, Biodiversity Management Committees and authorizes Local Biodiversity Funds. A close reading of the scheme laid down by the Act depicts an active duty and role sharing between Central and State governments. In this regard, the Central government has notified the Biological Diversity Rules, 2004 ('Central Rules'). The State governments have done the same and following the suit, the Government of West Bengal notified the West Bengal Biological Diversity Rules, 2005 ('State Rules') to perform its obligations under the central legislation. The West Bengal Biodiversity Board ('WBBB') has been set up under the aforesaid Rules.

Although, the State Rules are aligned with the Central Rules with respect to the aforesaid procedures for the most part, there are a few areas where the State Rules diverge from the

<sup>&</sup>lt;sup>80</sup>Cynthia Ho, *Biopiracy and Beyond: A Consideration of Socio-Cultural Conflicts with Global Patent Policies*,
39 U. MICH. JOURNAL OF LAW REFORM 433(2006).

latter. This aspect of conformity of State Rules with the Central Rules is discussed in greater detail below.

### A. <u>PROCEDURE FOR ACCESS TO BIOLOGICAL RESOURCES</u>

Rule 14 of the Central Rules deals with the procedure for granting access to biological resources (and traditional knowledge). Rule 15 of the State Rules is the corresponding provision and it deals with the procedure to be followed by WBBB while granting approvals for access. An application has to be made before the designated authority seeking permission for accessing biological resources. The time given to the NBA by Rule 14(3) of the Central Rules to decide upon an application is six months; Rule 15(2) of the State Rule gives the WBBB 45 days to decide upon the application. Both authorities are however, mandated to consult the concerned local bodies and collect additional information from the applicant and other sources while deciding upon the fate of the application. While the application under Rule 14to NBA has to be made along with a fee of ten thousand rupees, the Rule 1(a) of the State Rules prescribe a fee of five thousand rupees.

Both Rules mandate that the respective authorities shall enter into a written agreement with the applicant if an approval is granted which shall contain specified terms and conditions. The form of agreement prescribed by the Central and State rules (Rule 14(6) of the Central and Rule 15(5) of the State Rules respectively) are similar on most counts, although all of the conditions given in Central Rules do not find expression in the State Rules.

Both Rules required the relevant authority to take active steps to widely publicize the approvals granted, through print or electronic media. They also require them to periodically monitor compliance of conditions upon which the approval to access was granted.

### B. <u>REVOCATION OF ACCESS OR APPROVAL</u>

Revocation can be carried out *suo moto* or on complaint and Rule 15 of the Central Rules and Rule 16 of the State Rules are relevant hereunder. The grounds for revocation listed under the former are violation of any provision of the Act or conditions of approval, failure in compliance with the terms of agreement, failure in compliance with conditions of access and overriding public interest or for protection of environment and conservation of biological diversity. While the first three grounds find exact reciprocation in Rule 16 of State Rule, the last ground has been modified by the State to the extent that overriding public opinion for protection of environment or conservation has been included.

# C. <u>RESTRICTION/PROHIBITION ON ACTIVITIES RELATED TO ACCESS</u> <u>TO BIOLOGICAL RESOURCES</u>

Rule 16 of the Central Rules and Rule 17 of the State Rules deal with this matter. The following grounds for restriction/prohibition are common among the rules: endangered or threatened taxa, endemic and rare species, adverse effect on the livelihoods of the local people, adverse environmental impact which may be difficult to control and mitigate, genetic erosion or affecting the ecosystem function or use contrary to national interest and other related international agreements entered into by India<sup>81</sup>. The State Rules includes destruction of biological resources as an additional ground. Moreover, the State Rules provide that restriction/ prohibition can be ordered only after enquiry, hearing and with consultation of concerned Biodiversity Management Committee while there is nothing explicit under the Central Rules with regard to the same.

### D. BIODIVERSITY MANAGEMENT COMMITTEE ('BMC')

Rule 22 of the Central Rules and Rule 21 of the State Rules are considered here. While Rule 22(1) of the former envisages a BMC at the level of local bodies, Rule 21(1) of the latter provides that the said general rule is exempt in panchayat areas where a BMC at block and district level shall suffice. The stipulations pertaining to the composition of BMC, women members and SC/ST members are same under both Rules. The primary function of BMC is the same as well, that is to prepare, update and maintain a People's Biodiversity Register.

# ACTIVITIES UNDERTAKEN AND PROGRAMS CONDUCTED BY THE WEST BENGAL BIODIVERSITY BOARD

The WBBB is a statutory body established under Section 22 of the Act. Its mandate includes properly implementing the provisions of the Act and State Rules. In exercise of it functions it has undertaken activities pertaining to conservation of biodiversity, sustainable use of its components and equitable sharing of its benefits.

### A. BIODIVERSITY MANAGEMENT COMMITTEES IN WEST BENGAL

The primary task has been the constitution of BMC at the panchayati block (samiti) and

<sup>&</sup>lt;sup>81</sup>Kothari, Ashish (1994): Conserving Life: Implications of the Biodiversity Convention for India, New Delhi: Kalpavriksh

municipality block levels as per Section 41 of the Act. The WBBB has ensured the setting up of BMCs in this manner.

So far, 200 BMCs have been established across 18 districts of West Bengal. The primary function entrusted to each BMC is preparation of People's Biodiversity Register ('PBR') in consultation with local people. BMC in consultation with NGOs and community institutions can also initiate proposals for declaring Biodiversity Heritage Sites and maintenance of such sites is also the duty of BMC. The BMCs share the responsibility to prepare and implement a management plan for a period of 5-10 years in consultation with the WBBB with the help of a Technical Support Group constituted by the WBBB. BMCs are also required to take initiatives for spreading awareness among the local communities about the uses, sharing and conservation of resources. BMC also is required to advise the WBBB or NBA<sup>82</sup>, as the case may be, on any reference made it to pursuant to granting/restricting access.

## B. <u>PREPARATION OF PEOPLE'S BIODIVERSITY REGISTERS IN</u> <u>DISTRICTS OF WEST BENGAL</u>

Another critical task carried out by WBBB, under the aegis of BMCs is the preparation of PBR which requires significant individual and social involvement. The purpose behind it is to document varied biological resources and create Register of the people, by the people and for the people. The knowledge being documented includes both, information useful for commercial application (thus requiring IP protection) and knowledge having the potential of shared benefits.

Hence, the WBBB has ensured that PBRs not only list the species available in the particular area but create comprehensive documentation of habitats, produce, market price, harvest and transport, processing technology, indigenous knowledge of usage, landscape data, perception changes over time, water resources and conservation efforts. This comprehensive register is divided into components of Lifescape, Landscape, Peoplescape and Timescape.

The means of data collection adopted for PBRs include individual/ specialist interviews, group interviews, field observations made through volunteers and members of technical support groups, and official documents.

<sup>&</sup>lt;sup>82</sup> Dr. Suresh Pal, Head, Division of Agricultural Economics, IARI, New Delhi

### C. SPREADING AWARENESS

Understanding and appreciation of biodiversity is lost among members of society either due to competing social issues in the media or a feeling of hopelessness attached with the cause. Therefore, WBBB has been instrumental in conceptualizing biodiversity awareness in a manner that connects it with the everyday life and lifestyle of individual to generate care for the cause.

PBR exercise has enabled active people participation, and planning and conducting programmes to enhance a sense of belongingness among people. It has held meetings with administrators and policy makers in this regard as well.

## THE INDIAN JUDICIARY AND ACCESS BENEFIT SHARING

As put forth by NoiwaziGcaba, a South African patent attorney, "Legislation is required and it is required yesterday".<sup>83</sup> This aptly sums up the status of legal system while addressing the gap between grant of patent and the preservation of traditional knowledge.

India, too, has grappled with the ambiguities that exist under its felony framework. Topics beneath the BDA were situation to litigation to make clear ambiguities within the legislation and create a strong framework to be followed. The history of biopiracy of Indian bioresources, and the general loss of goodwill that traditional groups preserve of globalisation and capitalism are imperative to be taken into consideration. The BDA, taking cognisance of this, provides for get right of entry to and benefit sharing. Following is a timeline of the stance of the judiciary on get right of entry to benefit cases:

# A. <u>APPLICATIONS CHALLENGING THE MADHYA PRADESH SBB THAT</u> <u>LED TO THE ABS GUIDELINES, 2014</u>

In 2013, the MP SBB moved against numerous agencies that used uncooked cloth which may be categorized as "bioresources" and served notices upon them. The authority had already requested the apex body, the NBA, for tips on ABS matters that would be perused by means of all SBBs uniformly, but no such response was received from the NBA.<sup>84</sup>The notices directed the organizations to deposit 2% in their gross sales on economic 12 months basis

<sup>&</sup>lt;sup>83</sup>Vishwas Kumar Chouhan, *Protection of Traditional Knowledge in India by Patent: Legal Aspect* IOSR Journal of Humanities and Social Science, Volume 3, Issue 1 (Sept-Oct 2012) p 35.

<sup>&</sup>lt;sup>84</sup> ABS Capacity Development Initiative, National Study on ABS Implementation in India (2014)

toward gainsharing in the Biodiversity Fund of the state. The companies spoke back by way of filing before the crucial zone (CZ) bench of the NGT<sup>85</sup> which put a stay on SBB's notice against Lilason Breweries. Subsequently, the SBB registered a complaint at Bhopal against the Som Group of Companies under the BDA. The NGT (CZ) directed the Ministry of surroundings and Forests and the NBA to create ABS recommendations, which saw the light of day within the form of the 2014 suggestions. Following the 2014 recommendations, the NGT directed the SBB to difficulty fresh notices to the companies that might be in consonance with the pointers.<sup>86</sup>With the Guidelines finally being adopted, the cases were disposed of, and the SBB created a committee.<sup>87</sup>

### B. AYURVEDA INDUSTRY AND THE CIDMA PIL

The Maharashtra SBB took cognisance of the 2014 Guidelines and issued 1500 notices under Section 8 to AYUSH manufacturers. These notices, citing the Maharashtra Biodiversity Rules, 2008<sup>88</sup>, Stated that all get right of entry to bioresources need to be filed, and the procedure laid out as well. The producers, but, had been sad with this situation, and contested the applicability of the ABS tips to Indian entities. This has been among the strongest and maximum persistent critiques of the BDA i.e. That the scope of the time period "character", under section 6, is indistinct. Along similar lines, the Kerala SBB and the Uttarakhand SBB had also served notices on establishments within their country jurisdictions. It was in 2015 that pan-India, Ayurveda manufacturers came Collectively as a pressure organization against the Centre and the Ministry of AYUSH to benefit readability at the applicability and scope of the ABS guidelines. Sooner or later, the use of the umbrella of the important India AYUSH Drug manufacturers association (CIDMA), they filed earlier than the Nagpur bench of the Bombay excessive courtroom (HC), seeking rationalization on the notices that had been served on them.<sup>89</sup>

### **IMPORTANT COURT ORDERS**

<sup>&</sup>lt;sup>85</sup> List of cases before the National Green Tribunal, Central Zone Bench

<sup>&</sup>lt;sup>86</sup> Biodiversity Management Committee v Western Coalfields and Union of India (2015).

<sup>&</sup>lt;sup>87</sup>Biodiversity Management Committee.

<sup>&</sup>lt;sup>88</sup>Maharashtra Biodiversity Board, <u>www.maharashtrabiodiversityboard.gov.in</u> (Last visited on August 25, 2020).

<sup>&</sup>lt;sup>89</sup>Supra, note 29.

### 1) Divya Pharmacy V. Union Of India & Ors- High Court Of Uttarakhand<sup>90</sup>

### Court's decision

Having heard each the edges, the court docket realized that the primary difficulty in the be counted is concerning interpretation of the time period "fair and equitable gain sharing" and whether any legal responsibility can be imposed on the Indian entity. The court analyzed the essential provisions of the CBD, Nagoya Protocol, BD Act, 2002 and the 2014 tips of CBD said that the Nagoya Protocol makes no difference between foreign entity and Indian entity in terms of responsibility closer to the area people for ABS association. Therefore, the paradox within the BD Act should be interpreted in light of the global agreements and a purposive interpretation needs to be made. The whole motive of the CBD and subsequent agreements has been to give up the exploitation of genetic sources in developing nations and such exploitation can emanate from both internal or outside the U.S. The Nagoya protocol focused at the indigenous community and to offer them fair and equitable percentage for their knowhow transfer. Uttarakhand is a biodiversity wealthy kingdom in India and the nearby groups which live within the excessive Himalayas are specially tribal and subculture pickers of biological sources. Therefore, renovation of the understanding of the area people and offering them FEBS becomes vital. The courtroom whilst analyzing segment 7 of the BD Act held that regulating an interest within the form of call for of charge has been practiced in regulation. Therefore, when SBBs needs rate as a regulator for commercial use of biological resources, it can't be said that the SBBs do now not have strength to achieve this:

- Consequently, NBA has strength to frame regulation for charge and economic compensation and different non-economic advantages underneath section 2(f) and section 21(4) of the BD Act, 2002 and the SBBSs have duties and strength to acquire FEBS below its energy under phase 23(b) and section 7 of the Act.
- ii. This move by the Uttarakhand High Court in clarifying the position of FEBS under the BD Act was welcomed by legal experts and SBBs working in the field of biodiversity.

# 2) Biodiversity Management Committee V. Western coalfields ltd &Ors.- O.A. 28/2013 (CZ)

Analysis

<sup>&</sup>lt;sup>90</sup> Writ Petition (M/S) No. 3437 of 2016, decided on 21.12.2018.

This example highlighted the fact that the governments under the BD Act aren't running in coordination with every other and every business enterprise is skeptic approximately the action of another. For the successful implementation of the Act and ABS, coordination and accept as true with among these agencies is likewise essential for which intern organisation assembly, talks ought to be organized wherein the SBBs BMC and NBA can talk the problems with one another and work in the direction of conservation and sustainable use of the additives of biological sources. Additionally, the BMCs ought to have professional individuals of their governing frame so has provide an insight about the biological or genetic resources or technical element of the ABS agreement.

### **PROBLEMS WITHIN THE ABS REGIME IN INDIA:**

### 1. Problem of clear objective of ABS

The concept of benefit sharing in India arose because of rampant biopiracy instances related to conventional knowledge in India like – neem, haldi, basmati rice, turmeric and so on. The existing regime over the safety of TK underneath the international law became no longer sufficient to deal with the issue of ABS. The CBD and Nagoya added a worldwide regime to govern ABS and TK.

#### 2. Genetic resources as "material"

Underneath the CBD, the genetic assets have been described as "genetic fabric which has actual or ability value". Whilst the preliminary debates about ABS began at some stage in the Eighties and Nineties, ABS became proposed to be now not confined to just get right of entry to genetic assets but additionally to the utility of modern biotechnology at the genetic assets and assessing their genes and biochemical on the premise of it.

#### 3. Commercial utilization in a collaborative research

While some collaborative research is really aimed at having no commercial motive, some of collaborative studies that does clean business pursuits. On account that collaborative research is exempted underneath segment five of the BD Act, 2002 from the scrutiny of NBA, there need to be strict type between collaborative projects which has industrial goals and ones

which do now not. The NBA proposed to place a public note on 'dos and don'ts' underneath phase 5 of the BD Act, 2002; however, the be aware has yet no longer been positioned in public domain.

### 4. Monetary benefits

Development of technology is a first-rate hassle in the genetic sources company international locations. Consequently, further to the economic blessings which arise from the production of stop product, there ought to additionally be a version of governing non-monetary advantages at the negotiation desk like switch of era at time of bioprospecting and R&D phase. This may enhance the technological soundness of the provider nations.<sup>91</sup>

#### 5. Insufficiency of funds

The SBBs do not have sufficient funds to organize awareness programme for the implementation of the ABS in their state.

### 6. Pendency of cases

The utility for industrial usage of sources by way of corporations frequently end up in the court docket technique in which the corporations claim that the authorities constituted do now not have powers to alter activities referring to biological assets or are aggrieved by using the ABS amount to be paid via them. One such instance changed into the Divya Pharmacy case which has already been mentioned before. The pendency of instances within the courts, tribunals like NGT also account to slow rate of implementation of ABS in India.

### **CONCLUSION**

The international agreements, framework on biodiversity has set a high aim for the conservation and sustainable improvement of the environment. The responsibility to have a sturdy mechanism dealing with ABS and conservation is on the country. The case research on ABS implementation in India genuinely suggests that in spite of having a comprehensive framework to implement ABS, there are still major issues and loopholes in terms of monitoring and regulating the access and benefit sharing of biological resources. Lack of know-how some of the indigenous network, the incapacity of the NBA, SBB and BMC has

<sup>&</sup>lt;sup>91</sup>Key challenges and Practical Ways forward for the Implementation of Nagoya Protocol on Access and Benefit-Sharing

resulted into denial of right to get entry to and benefit sharing to the local community. The times of biopiracy are still making headlines whilst the authorities and the genetic resources are beneath consistent risk in India.

Getting admission to and benefit sharing is a complex process and involves a number of steps. ABS agreements require thorough knowledge and education of the officers, awareness of all the stakeholders and at the same time agreed negotiation among them.

What ABS desires is a strong tracking mechanism at three levels, the Center, the State and at the local level. The primary undertaking of monitoring bodies have to be to scale back the practice of biopiracy by way of mutual cooperation with other government just like the patents workplace, airport and port government and so forth. India must take sturdy steps against such actors of biopiracy and for which a pan India degree criminal focus need to be unfold approximately get entry to genetic assets.

The mere idea of programs in the shape of seminars and conference will not solve the issues and grass-root focus and training programme at panchayat level is essential. Consequently the BMC must together with professional member, neighborhood member attain out to these indigenous communities and educate them about the importance of the ABS. Unless the indigenous network have faith and trust in the authorities the hassle of biopiracy cannot be resolved, therefore common visits by way of officers, organizing village degree gatherings will help the government connect with the indigenous network. This approach is imperative for the success implementation of ABS.

The task of entirety of People's Biodiversity Register (PBR) need to be completed at the earliest with the assistance of the stakeholder so that the real benefit claimers may be recognized and price range can be allocated and used by them. The SBBs have to widely publicize such information so that there is no scope of dispute concerning the gain claimers beneath the Act. India ought to take the exceptional practices from nations like South Africa, Australia and Bhutan in order to have a more economic and stronger ABS settlement. Similarly, the authorities under need to involve and motivate people participation in their working.

Finally, the Indian legal guidelines governing ABS ought to be revised and provisions from Bonn pointers and Nagoya Protocol need to be enacted to make the comprehensive framework governing ABS even stronger. There ought to be updation of the price of financial advantages inside the 2014 ABS guidelines, after reading the marketplace charge and annual income after utilization of genetic resources.



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Patent Rights & Pandemics: A Case of Public Interest vis a vis Monopoly

**Rights** 

Aditi Singh Kavia<sup>\*</sup> & Karan Singh Chouhan<sup>\*\*</sup>

# ABSTRACT

Unprecedented global health crisis caused by COVID 19 calls for an immediate response from countries to fight the pandemic and provide affordable medical care to its people by invoking provisions under patent laws. We understand patent laws as monopoly rights given to the patent holder for the invention, which makes us contemplate whether public interest holds any place under the patent laws. The paper sheds some light on the never-ending debate between these two opposing views, i.e., public interest and patent rights which has been rekindled and resurfaced due to the pandemic. The paper addresses the problem of access to medicine and how patent laws can be conducive in providing affordable medicine and promoting public health. Furthermore, it also elucidates several legal options available under WTO and domestic legislation under the context of public health, and whether they are adequate to combat the effects of the present pandemic. Finally, we will discuss any other alternative model, apart from compulsory licensing, which needs to be looked into to deal with the current public health crisis.

<sup>\*</sup> ADITI SINGH KAVIA, Assistant Professor, School of Law, Christ (Deemed to be University).

<sup>\*\*</sup> KARAN SINGH CHOUHAN, Assistant Professor, School of Law, Christ (Deemed to be University).

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### I. <u>INTRODUCTION</u>

Pandemic like COVID-19, which has led to mass deaths is not contained merely in a small geographic location<sup>92</sup> but has spread globally at a massive scale with severe international repercussions.<sup>93</sup> The ongoing health crisis, due to this pandemic, in several countries, points out one stark reality, i.e. how woefully unprepared we are.<sup>94</sup> Not only are the developing countries suffering from this crisis but also the developed countries.<sup>95</sup> The exact quantum of the infections among the population, in various countries like USA, India, China etc.<sup>96</sup> is also shrouded in mystery due to inept state policies, or outright negligence.<sup>97</sup> The race to find a solution to this pandemic is going on all across the globe. Perhaps, there might be a light at the end of this dark tunnel, and humankind will be able to find a cure or a preventive measure.<sup>98</sup> However, merely finding a cure will not be enough to ensure access to health for all people, especially in developing or least developed countries without providing affordable access to the medicine or vaccine.<sup>99</sup> Though there are many hurdles in the way, for the 'Least Developed Countries' (hereinafter as LDC) and developing countries, to provide access to medicine to deal with the pandemic, like lack of infrastructure or resources etc.<sup>100</sup> Furthermore, the biggest hurdle to cross is the exclusive patent rights granted to the patent holder, which looms large on the face of affordable access to the medicine.

The paper aims to assess the role of public interest under the current patent regime. Firstly, it analyses the philosophical underpinnings of patent laws and evaluates whether the underlying objective of patent laws justifies the altruistic framework under utilitarian theory and other

<sup>&</sup>lt;sup>92</sup> WHO, *Coronavirus disease (COVID 19) Situational Report-102*, who int, https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200501-covid-19-sitrep.pdf?sfvrsn=742f4a18\_2 (last visited 20 May, 2020)

<sup>&</sup>lt;sup>93</sup> Id.

<sup>&</sup>lt;sup>94</sup> Wafaa M. El-Sadr & Jessica Justman, *Africa in the Path of Covid-19*, 383 NEW ENGLAND JOURNAL OF MEDICINE ED 11 (2020), David Blumenthal & Shanoor Seervai, *Coronavirus Is Exposing Deficiencies in U.S. Health Care*, HARVARD BUSINESS REVIEW, 2020, https://hbr.org/2020/03/coronavirus-is-exposing-deficiencies-in-u-s-health-care (last visited Jul 19, 2020).

<sup>&</sup>lt;sup>95</sup> Id.

<sup>&</sup>lt;sup>96</sup> Gian Volpicelli, *Hidden data is revealing the true scale of the coronavirus outbreak*, WIRED UK, 2020, https://www.wired.co.uk/article/coronavirus-spread-data (last visited Jul 19, 2020).

<sup>&</sup>lt;sup>97</sup> Philip Bump, *Trump again downplays coronavirus by comparing it to the seasonal flu. It's not a fair comparison.* - The Washington Post, https://www.washingtonpost.com/politics/2020/03/24/trump-again-downplays-coronavirus-by-comparing-it-seasonal-flu-its-not-fair-comparison/ (last visited Jul 19, 2020).

<sup>&</sup>lt;sup>98</sup> WHO, *DRAFT landscape of COVID-19 candidate vaccines – 9 June 2020*, WHO.INT, https://www.who.int/publications/m/item/draft-landscape-of-covid-19-candidate-vaccines (last visited 19 Jul, 2020).

<sup>&</sup>lt;sup>99</sup> Roxanne Khamsi, *if a coronavirus vaccine arrives, can the world make enough?* 580 NATURE 578–580 (2020).

<sup>&</sup>lt;sup>100</sup> Christian Franz, Sahil Deo, Sanjana Krishnan and Shardul Manurkar, *COVID19 Vaccine: Development, Access and Distribution in the Indian Context*, ORF, https://www.orfonline.org/research/covid19-vaccinedevelopment-access-and-distribution-in-the-indian-context-69538/ (last visited Jul 19, 2020).

related theories. Secondly, it explains the provisions laid down under the TRIPS agreement<sup>101</sup> concerning public health and access to affordable medicine and how developing nations or LDC (least developed nations) can maintain a balance between their obligations under TRIPS and protect the public health of their citizens. Thirdly, this paper highlights the provisions laid down under the Indian patent regime, specifically compulsory licensing and whether they provide a viable solution. Fourthly, it explores an alternative model to combat the present pandemic and face any future pandemics with more preparedness.

### II. PHILOSOPHICAL UNDERPINNINGS OF PATENT LAWS

A popular understating of Patent rights is that it confers exclusive monopoly rights on the patent holder for his invention. Such an assertion leads us to question whether the patent regime is solely made to support the commercial exploitation of invention or does it also serve any public interest. In order to decipher the underlying objective of patent rights, it is pertinent to delve deep in the patent jurisprudence.<sup>102</sup> There are several theories which explain the fundamental principles of patent laws. Interestingly, Utilitarian theory posits that creators are rewarded for fulfilling a larger goal of public utility.<sup>103</sup> It advocates that monopoly right is bestowed upon the creators so that they can benefit the public at large and maximize overall public utility.<sup>104</sup> William C. Robinson highlighted the point that the patent protection is justified only when it fulfils three objectives; it rewards the inventor for his skill, effort and labour; incentivise him to further his technological advances, and most importantly it provides immediate knowledge of the scope and nature of the invention to the public, which serves the public interest.<sup>105</sup>

Further, it is pivotal to throw light on the foundation of patent rights. One argument is that Patent rights are statutory rights which means it is granted by the State. A State by a statute confers certain exclusive rights (like monopoly rights) to the patent holder to exclude others from using his work. Since the authority to grant the monopoly rights flows from the State, it

<sup>&</sup>lt;sup>101</sup> TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement].

<sup>&</sup>lt;sup>102</sup> Klitzke, Ramon A, *Historical Background of the English Patent Law*, 41 J. PAT. OFF. SOC'Y 615 (1959).

<sup>&</sup>lt;sup>103</sup> FISHER, WILLIAM, THEORIES OF INTELLECTUAL PROPERTY," IN NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 168 (2001).

<sup>&</sup>lt;sup>104</sup> Katz, Larissa, *Ownership and Social Solidarity: A Kantian Alternative*, 17 LEGAL THEORY 119 (2011).

<sup>&</sup>lt;sup>105</sup> WILLIAM C ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS (1890).

can be argued that the State also has the authority to prevent absolute monopoly or retract some of the rights over the granted for a patented invention, to protect the public interest.<sup>106</sup> This argument gains credence, based on the Social Contract Theory, which posits that rights are enforced by the State, and the State itself is a creation of contract entered between the State and the public with an underlying objective of benefit to the public.<sup>107</sup> Further, one may also point out that exclusionary rights in a patent is for a limited period and is granted to the innovators so that the public can be benefitted from the diffusion of knowledge about the invention.<sup>108</sup> This shows that under a normative framework, the property rights are not absolute.

Another pertinent theory which emphasises the philosophical justification of the patent rights is the Bargaining theory, which posits that the inventor is granted the exclusive monopoly rights for a limited period in exchange that disclosure of the invention can serve public interest and society can be benefitted from this invention. In *Tubes, Ld. v. Perfecta Seamless Steel Tube Company*,<sup>109</sup> Lord Halsbury said that it is a bargain between the State and the inventor: The State says, "If you will tell what your invention is and if you will publish that invention in such a form and in such a way as to enable the public to get the benefit of it, you shall have a monopoly of that invention."<sup>110</sup>

The patent regime in India is formulated with an objective of promoting innovation and at the same time with an intention to make the invention accessible to the public at large.<sup>111</sup> The patent legislation in India is being drafted in a manner to provide an equilibrium between the rights of the innovators to encourage scientific and technological advancements and meeting the needs of the general public.<sup>112</sup> Theory of moral justification also emphasised on the public interest aspect. It states that the State is bestowed with the duty to protect the public interest under patent laws. Trade-Related Aspects of Intellectual Property Rights (Hereinafter TRIPS) also play a pivotal role in providing an optimal balance between public interest and rights of the patent holders. It allows the member states to refuse patentability of such invention which

<sup>&</sup>lt;sup>106</sup> Matt Schrage, *Rousseau and Locke on Property and the State*, HARVARD.EDU, (2018), https://blogs.harvard.edu/mattschrage/2018/04/26/rousseau-and-locke-on-property-and-the-state/ (last visited Jul 26, 2020).

<sup>&</sup>lt;sup>107</sup> Id.

<sup>&</sup>lt;sup>108</sup> Denicolò, V., Franzoni L.A, *The contract theory of patents*, INTERNATIONAL REVIEW OF LAW AND ECONOMICS 23, 365–380 (2003).

<sup>&</sup>lt;sup>109</sup> (1902), 20 R.P.C. 77, at pp. 95-96

<sup>&</sup>lt;sup>110</sup> Id

<sup>&</sup>lt;sup>111</sup> Public Health and Patents, WIPO, https://www.wipo.int/patent-law/en/developments/publichealth.html <sup>112</sup> Devika Agarwal, *Intellectual property rights: Locating public interest in the law,* FIRSTPORT,

https://www.firstpost.com/long-reads/intellectual-property-rights-locating-public-interest-in-the-law-3388388.html

does not serve the larger public interest. <sup>113</sup>

# III. <u>TRIPS, PUBLIC HEALTH AND PHARMACEUTICAL</u> <u>PATENTS</u>

The WTO was established in the year 1994, as a result of the Marrakesh Agreement. The TRIPS agreement was also signed by various counties during the same time.<sup>114</sup> The objective of TRIPS is to create an international Intellectual Property (IP) protection regime and amicably resolve any IP related issues.<sup>115</sup> Further, Article VII, titled *objectives*, provides that the objective of TRIPS should be to provide IP protection which not only supports innovation and dissemination of technology but also it should be done in such a way as to create a balance between the social or economic obligations and IP rights obligation.<sup>116</sup> To ensure that the objectives are met, TRIPS agreement puts an obligation on the member states to abide by the provisions contained under TRIPS and amend/create municipal laws which conform with the provisions.<sup>117</sup> While discussing the issue of 'access to medicine' the most appropriate IP to be discussed is the Product-Patent. Patents rights are usually granted on any new inventions. Article XXVIII of TRIPS provides for the rights to be conferred to a patent holder on a particular product, which includes exclusionary rights (the third party cannot make, use, offer for sale or import without the consent of the patent holder) and right to assign, transfer or to give licence.<sup>118</sup> However, for any rights to be granted under Article XXVIII, the product should confirm with the conditions provided under Article XXVII.<sup>119</sup> From a bare reading of the Article  $XXVII(1)^{120}$  together with Article LXX(8),<sup>121</sup> it can easily be deduced that

<sup>&</sup>lt;sup>113</sup> Ashwani Kumar Bansal, *Public Interest in Intellectual Property Laws*, 55 JOURNAL OF THE INDIAN LAW INSTITUTE 4 473-503 (2013).

<sup>&</sup>lt;sup>114</sup> Gustavo Bravo, From Paris Convention to TRIPs: A Brief History, 12 J. Contemp. Legal Issues 445 (2001).

<sup>&</sup>lt;sup>115</sup> Slade, Alison, *The Objectives and Principles of the WTO TRIPS Agreement: A Detailed Anatomy*, OSGOODE HALL LAW JOURNAL 53.3 948-998 (2016).

<sup>&</sup>lt;sup>116</sup> TRIPS Agreement, Art. 7.

<sup>&</sup>lt;sup>117</sup> TRIPS Agreement, Art. 7 & art. 1.

<sup>&</sup>lt;sup>118</sup> TRIPS Agreement., Art. 28.

<sup>&</sup>lt;sup>119</sup> "Subject to the provisions of paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.5 Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced." TRIPS Agreement, Art. 27.

<sup>&</sup>lt;sup>120</sup> Id.

<sup>&</sup>lt;sup>121</sup> TRIPS Agreement, Art. 70, para (8).

medicines or vaccines fall under a 'patentable subject matter'.<sup>122</sup> Furthermore, Article XXVII (1) also includes the 'non-discrimination' clause, which includes de-facto and de-jure discrimination by the State.<sup>123</sup> Such an interpretation dramatically reduces the flexibility available to the State to respond to the health crisis.<sup>124</sup> This leads to the question of how the LDC or developing countries can protect the health of their citizens during times of pandemic. We will discuss a few options available within the framework of TRIPS, below:

### A. EXCEPTIONS UNDER ARTICLE XXVII AND PANDEMIC

Article XXVII not only provides for patentability criterion but under the para (2) it also provides certain exceptions wherein a member state may exclude the patentability of inventions and also prevent the commercial exploitation to 'protect human, animal or plant life or health'.<sup>125</sup> However, this exception comes with a caveat that 'such exclusion is not merely because the exploitation is prohibited by their law'.<sup>126</sup> From a bare reading of this para, it may seem to provide flexibility to the countries; however, its application is nothing but a matter of public policy where specific exclusions are 'necessary' to protect health. The flexibility provided here is that the State is not required to consult other parties if it decides to invoke this clause for exclusion citing 'necessity'. But, due to the requirement of 'necessity', a member state may not be able to use this clause<sup>127</sup> to allow its domestic producers to replicate a particular product to deal with the health crisis because if a product is to be excluded based on morality, order public or even on health ground, it has to be outlawed for

<sup>&</sup>lt;sup>122</sup> "The introductory clause to Article 70.8 provides that it applies '[w]here a Member does not make available as of the date of entry into force of the WTO Agreement patent protection for pharmaceutical and agricultural chemical products commensurate with its obligations under Article 27 ...' of the TRIPS Agreement. Article 27 requires that patents be made available 'for any inventions, whether products or processes, in all fields of technology', subject to certain exceptions. However, pursuant to paragraphs 1, 2 and 4 of Article 65, a developing country Member may delay providing product patent protection in areas of technology not protectable in its territory on the general date of application of the TRIPS Agreement for that Member until 1 January 2005. Article 70.8 relates specifically and exclusively to situations where a Member does not provide, as of 1 January 1995, patent protection for pharmaceutical and agricultural chemical products." Panel Report-India - Patent Protection for Pharmaceutical and Agricultural Chemical Products, WT/DS50/R (5 September 1997).

<sup>&</sup>lt;sup>123</sup> "The primary TRIPS provisions that deal with discrimination, such as the national treatment and mostfavoured-nation provisions of Articles 3 and 4, do not use the term 'discrimination'. They speak in more precise terms. The ordinary meaning of the word 'discriminate' is potentially broader than these more specific definitions. It certainly extends beyond the concept of differential treatment. It is a normative term, pejorative in connotation, referring to results of the unjustified imposition of differentially disadvantageous treatment. Discrimination may arise from explicitly different treatment, sometimes called 'de jure discrimination', but it may also arise from ostensibly identical treatment which, due to differences in circumstances, produces differentially disadvantageous effects, sometimes called 'de facto discrimination'. Panel Report, Canada - Patent Protection of Pharmaceutical Products, WT/DS114/R (17 March 2000).

<sup>&</sup>lt;sup>124</sup> Id.

<sup>&</sup>lt;sup>125</sup> TRIPS Agreement, art. 27, para (2).

<sup>&</sup>lt;sup>126</sup> Id.

<sup>&</sup>lt;sup>127</sup> George K. Foster, *Opposing Forces in a Revolution in International Patent Protection: The U.S. and India in the Uruguay Round and its Aftermath*, 3 UCLA J. INT'L L. & FOREIGN AFF. 283, 290 (1998).

not just for the imported/foreign products but also domestic products.<sup>128</sup> Thus, this exception cannot be used to provide access to medicine or vaccine during a pandemic.

One may also look at the Article XXVII (3) which provides that members may also exclude diagnostic, therapeutic and surgical methods for the treatment of humans or animals; from patentability.<sup>129</sup> Although, at first instance, Article XXVII (3) provides much flexibility to the LDCs or Developing countries, however, its interpretation is also very narrow especially when we consider the word *'may also'*, which suggest a connection between Article XXVII (1) & (2). By invoking this article, a country may not be able to refuse the patentability of the pharmaceutical product since this article also requires that the test of 'necessity and non-discrimination'<sup>130</sup> should be fulfilled.<sup>131</sup> Further, if the interpretation of Article XXVII (3) includes blanket exception towards pharmaceuticals products, then it will make Article LXX (8)<sup>132</sup> redundant. Hence, para 3 under Article XXVII can be used for dissemination of medical procedure and techniques but not to exclude pharmaceutical patents.

### B. PATENT RIGHTS EXCEPTIONS & TRIPS

Article XXX<sup>133</sup> provides exceptions to certain rights conferred under Article XXVIII. However, there are conditions attached as to when a state may invoke this Article. Essentially there are three conditions which need to be fulfilled for patent rights exceptions according to Article XXX; a) the exception to rights conferred should be limited, b) that it should not create unreasonable conflict with a normal exploitation of a patent and c) that it should not unreasonably prejudice the legitimate interest of the patent owner.<sup>134</sup> The objective of this article is to provide flexibility to a member state in balancing the public health with patents rights and promotion of transfer of technology. The best example of the applicability of this article is 'Bolar Exception' which means that the State may allow a non-patent owner to start working on the patent,<sup>135</sup> so as to introduce the product in the market later in future once the patent has expired. Similarly, it may also be applied for scientific studies, but it will have

<sup>&</sup>lt;sup>128</sup>Kevin J Nowak, *Staying Within the Negotiated Framework: Abiding by the Non-Discrimination Clause in Trips Article* 27, 26 MICH. J. INT'L L. 899 (2005) 48.

<sup>&</sup>lt;sup>129</sup>TRIPS Agreement, Art. 27, Para 3.

<sup>&</sup>lt;sup>130</sup> Canada-Generic Medicines WTO case

<sup>&</sup>lt;sup>131</sup> George K. Foster, *Opposing Forces in a Revolution in International Patent Protection: The U.S. and India in the Uruguay Round and its Aftermath*, 3 UCLA J. INT'L L. & FOREIGN AFF. 283, 290 (1998).

<sup>&</sup>lt;sup>132</sup> TRIPS Agreement, Art. 70, para 8.

<sup>&</sup>lt;sup>133</sup> TRIPS Agreement, Art. 30.

<sup>&</sup>lt;sup>134</sup> Panel Report, Canada - Patent Protection of Pharmaceutical Products, WT/DS114/R (17 March 2000).

<sup>&</sup>lt;sup>135</sup> WTO | Intellectual property (TRIPS) - fact sheet - pharmaceuticals - 2, WTO.ORG,

https://www.wto.org/english/tratop\_e/trips\_e/factsheet\_pharm02\_e.htm (last visited Jul 19, 2020).

limited use in providing access to the vaccine.

#### C. <u>COMPULSORY LICENSING & TRIPS</u>

According to the Paris Convention,<sup>136</sup> a compulsory license is granted "to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work"<sup>137</sup>. Simply put, compulsory licensing is a method by which a state may grant the right of use to any third party (including government) without the consent of the patent owner.<sup>138</sup> Similar to the Paris Convention, Article XXXI of TRIPS provides that under certain circumstance.

'Where the law of a Member allows for other use of the subject matter of a patent without the authorisation of the right holder, including use by the government or third parties authorised by the government, the following provisions shall be respected:'<sup>139</sup>

Although Article XXXI doesn't use the term 'compulsory licensing' but its use in such a way is implied. However, there are certain conditions attached along with this Article. A member state may not grant a blanket authorisation but rather all authorisations should be considered on its individual merits (a), State should hold prior talks with the patent holder, and only if no mutual consensus is reached based on reasonable commercial term, then only any authorisation may be granted (b) however, adherence to this rule might lead to delay in cases of a public health crisis. Hence, the second part of para (b) allows the State to skip this rule in case of a national emergency. Flexibility to developing and LDCs was also augmented with regards to the interpretation of 'national emergency' after the adoption of Doha Declaration<sup>140</sup> Para 5(c), which provides that each member has a right to determine what constitutes a national emergency and it includes public health crisis.<sup>141</sup> Further, the authorisation should only be to satisfy the needs of the domestic market. However, after the Doha Declaration and the adoption of Article XXXI (bis),<sup>142</sup> there are certain exceptions provided to this rule, especially in cases of LDCs with no pharmaceutical manufacturing

<sup>&</sup>lt;sup>136</sup> Paris Convention for the Protection of Industrial Property, Mar. 20, 1883 21 U.S.T. 1583; 828 U.N.T.S. 305. (hereinafter as Paris Convention)

<sup>&</sup>lt;sup>137</sup> Paris Convention, Art. 5A (2).

<sup>&</sup>lt;sup>138</sup> Id.

<sup>&</sup>lt;sup>139</sup> TRIPS Agreement, Art. 31.

<sup>&</sup>lt;sup>140</sup> Declaration on the TRIPS Agreement and Public Health, Nov. 14, 2001 WT/MIN(01)/DEC/2 (hereinafter as Doha Declaration).

<sup>&</sup>lt;sup>141</sup> Doha Declaration, Para 5(c).

<sup>&</sup>lt;sup>142</sup> 'The obligations of an exporting Member under Article 31(f) shall not apply with respect to the grant by it of a compulsory licence to the extent necessary for the purposes of production of a pharmaceutical product(s) and its export to an eligible importing Member(s) in accordance with the terms set out in paragraph 2 of the Annex to this Agreement.' TRIPS Agreement, Art. 31 *bis*.

capability<sup>143</sup> and Regional Trade Block.<sup>144</sup> Interestingly, under Article XXXI and Article XXXI (bis), both suggest that the original patent holder should receive adequate compensation; however, what is adequate compensation is left to the discretion of members states.145

### D. COMPULSORY LICENSING & INTERNATIONAL PERSPECTIVE

In response to COVID pandemic, several countries have taken initiatives to find potential cure and affordable medical treatment to combat the pandemic. Israel for the first time has invoked Section 104<sup>146</sup> and Section 105<sup>147</sup> of Israeli Patents Law, 1967 by issuing compulsory license for public non-commercial use. Israel became the first country to grant permission to exploit patent granted on Kaletra by Abbvie (Patent no: 173939, 207260, 185390) by importing generic version of Kaletra from Hetero pharmaceuticals.<sup>148</sup>

Ecuador has also taken bold steps by passing a resolution by a Committee of National Assembly which has approved grant of compulsory license to provide affordable medical treatment related to preventive, diagnostic and treatment technologies to deal with COVID. The resolution passed by the committee has also granted permission to collect any important information for the purposes of research and development to fight COVID.

*Chile* has taken a strong initiative towards strengthening the existing laws on compulsory licensing to provide affordable access to medical care to fight the pandemic. The chamber of deputies in the lower house passed a resolution for the issuing of compulsory license mentioned as under Article 51° N° 2 of Industrial Property law.

### The resolution passed with good majority in lower house states that international treaties such

<sup>&</sup>lt;sup>143</sup> "Confirms that the eligible importing Member in question, other than a least developed country Member, has established that it has insufficient or no manufacturing capacities in the pharmaceutical sector" TRIPS Agreement Annex Para 1, sub para 2 (a) (ii).

Similar meaning as in GATT 1994: General Agreement on Tariffs and Trade 1994, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 187, 33 I.L.M. 1153 (1994) (hereinafter GATT 1994) <sup>145</sup> Antony Taubman, *Rethinking TRIPS: "Adequate Remuneration" for Non-voluntary Patent Licensing*, 11

JOURNAL OF INTERNATIONAL ECONOMIC LAW 927-970 (2008).

<sup>&</sup>lt;sup>146</sup> Section 104: Right of State to exploit invention

The Minister may permit the exploitation of an invention by Government departments or by an enterprise or agency of the State, whether a patent for it has or has not already been granted or has or has not already been applied for, if he finds that that is necessary in the interests of the National security or of the maintenance of essential supplies and services. <sup>147</sup> Section105: Right of State to permit exploitation of invention The Minister may, if he finds that that is

necessary for the purposes enumerated in section 104, grant a permit under that section to a person who operates under contract with the State, in order to ensure or facilitate the implementation of that contract and for the requirements of the State only.

<sup>&</sup>lt;sup>148</sup> Swaraj Paul Barooah, Corona and IP – Looking for the Right(s) Answers (2020), SPICY IP, 2020

<sup>,</sup> https://spicyip.com/2020/03/corona\_and\_ip\_rights\_answers.html (last visited on 16 July).

as ICESCR (International Covenant on Economic, Social and Cultural Rights) ratified by the Chile government mandates the state to fulfil non-derogable obligations which are mainly Right of access to health centers, Right of access to essential medicines and Right to equitable distribution of health facilities. Furthermore, obligation on the state to adopt a good action plan and public health strategy in times public health crises. In accordance with the WHO resolution and ICESCR the state has fulfilled its obligations by providing access to essential medicines, vaccine, diagnostics, medical supplies and other technologies which can be viable for prevention, detection, surveillance and medical treatment of COVID patients in Chile.

*Germany* has been a frontrunner by passing a new legislature *Prevention and Control of Infectious Diseases in Humans Act* which provides some extensive powers to the government, as mentioned under Section 13(1) of the act, which mainly includes the issue of compulsory licensing. It permits even if it circumvents any patent rights in the interest of public welfare. All the government orders pertaining to corona will automatically be revoked at the end of the pandemic or when the law expires in March 2021.

*Canada is* another country which has passed a new legislature *COVID-19 Emergency Response Act.* This act provides wide powers to the government, which can supersede patent laws. Under this, the government can manufacture, sell and use a patented invention for the public interest in the times of public health emergency. The government can obtain the patent even without the consent of the patent holder. Such licenses as issued by the government are non-assignable and shall be revoked once the pandemic is over.<sup>149</sup>

*United States of America*, has also passed some legislations to deal with the pandemic. Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA). Under CPRSA, it contains two provisions which related with affordability of medical access. It states that the vaccines, therapeutics and diagnostics purchased by the federal government shall be in accordance with federal acquisition regulation guidance on fair and reasonable pricing. <sup>150</sup>

 <sup>&</sup>lt;sup>149</sup> Adam Houldsworth, *The Key Covid-19 Compulsory Licensing Developments So Far*, IAM, Iam-media.com,
 2020 https://www.iam-media.com/coronavirus/the-key-covid-19-compulsory-licensing-developments-so-far
 (last visited on 16 July).

<sup>&</sup>lt;sup>150</sup> Hickey, K. Legal Issues in COVID-19 Vaccine Development, 2020; Ariel Cohen, Senators Worry About COVID-19 Vaccine Affordability, Distribution, INSIDE HEALTH POLICY

https://insidehealthpolicy.com/daily-news/senators-worry-about-covid- 1 9-vaccine-affordabilitydistribution; (last visited on May 14, 2020)

#### E. BALANCING TRIPS AND PUBLIC HEALTH

From the above discussion, we can see that the member states, especially the LDCs, have greater flexibility when it comes to acting for the protection of public health. Further, under Article VIII (1) of TRIPS provides the principle of health, whereby members may adopt or amend laws to protect public health when necessary, in conformity with the provisions of TRIPS.<sup>151</sup> The position of LDC under TRIPS was especially strengthened after the Doha Declaration on Health,<sup>152</sup> and recently in 2015 when more extension was granted to them with respect to patents obligations.<sup>153</sup> LDCs have the flexibility to grant a compulsory license, to provide affordable medicine and access to health in instances of a public health crisis, and a pandemic of the proportion of Covid-19 inevitably falls under that category.<sup>154</sup> However, when one looks at the history of the use of compulsory licensing, then one may only find a few instances where it was granted by the members.<sup>155</sup> There has not been optimal use of the compulsory licensing, which was envisioned by many academicians. Interestingly, even during COVID-19 (at least almost after five months when the initial spread was reported), there has not been a single compulsory license which was granted by any country.<sup>156</sup> Even for the past pandemics like HIV, the use of compulsory licensing by the African nation (most prone to the pandemic) was unsatisfactory.

The reason for such a lacklustre record of 'compulsory licensing' to meet its objective are plenty. The first reason is the ambiguous nature of the requirement to grant compulsory licensing under TRIPS, which the Doha declaration tried to resolve.<sup>157</sup> The second reason may be attributed to the geopolitical reality where the Western and more developed countries (like the USA) have sway over other less developed countries. Members, especially countries in the global south, are afraid of the retaliation by the more developed countries.<sup>158</sup> There also has been a trend to target the pharmaceuticals manufacturers of the developing counties with

<sup>&</sup>lt;sup>151</sup> TRIPS Agreement, Art. 8.

<sup>&</sup>lt;sup>152</sup> Doha Declaration 2001.

<sup>&</sup>lt;sup>153</sup> WTO | intellectual property (TRIPS)—Responding to least developed countries' special needs in intellectual property, , https://www.wto.org/english/tratop\_e/trips\_e/ldc\_e.htm (last visited Jul 19, 2020). <sup>154</sup> Coronavirus: What is a pandemic and why use the term now?, BBC NEWS, March 11, 2020,

<sup>&</sup>lt;sup>134</sup> Coronavirus: What is a pandemic and why use the term now?, BBC NEWS, March 11, 2020, https://www.bbc.com/news/health-51358459 (last visited Jul 19, 2020).

<sup>&</sup>lt;sup>155</sup> Reed Beall & Randall Kuhn, *Trends in Compulsory Licensing of Pharmaceuticals Since the Doha Declaration: A Database Analysis*, 9 PLOS MEDICINE e1001154 (2012).

<sup>&</sup>lt;sup>156</sup> COVID-19 IP Policy Tracker, WIPO, https://www.wipo.int/covid19-policy-tracker/#/covid19-policy-tracker/access (last visited Jul 19, 2020).

<sup>&</sup>lt;sup>157</sup> Sara M. Ford, *Compulsory Licensing Provisions Under the TRIPs Agreement: Balancing Pills and Patents*, 4 AMERICAN UNIVERSITY INTERNATIONAL LAW REVIEW 15, 941-974. (2000).

<sup>&</sup>lt;sup>158</sup> Dina Halajian, Inadequacy of TRIPS & the Compulsory License: Why Broad Compulsory Licensing is Not a Viable Solution to the Access Medicine Problem, 38 BROOK. J. INT'L L. (2013).

sanction by the more developed countries.<sup>159</sup> As a result, many manufacturers are afraid to apply for a compulsory licensing within their own countries. Few countries also tried to use compulsory licensing as a bargaining chip to force the developed countries to come to the table for trade negotiations.<sup>160</sup> There is a new reality where the LDCs or developing countries are afraid of retaliation, and hence they are moving towards a new model of 'voluntary licensing'<sup>161</sup> which is even espoused by the WIPO.

However, there must be a change in status quo within the TRIPS framework, considering that 'voluntary licensing' model is not the most efficient<sup>162</sup> during a Pandemic like COVID-19 as not only it requires a lot of negotiations but the success rate of 'voluntary license negotiations' has been inadequate.<sup>163</sup> WTO should look at the model adopted by the WHO, especially the Pandemic influenza preparedness framework (PIP).<sup>164</sup> The objective of the PIP framework is to prepare against a pandemic with a global outlook. It further reaffirms that the issue of public health is superior to IP rights and thus should be given more preference.<sup>165</sup> Para 6 of the PIP framework provides a benefit-sharing model, which includes sharing the vaccine amongst the member states and transfer of technology.<sup>166</sup> In such a circumstance, the members of TRIPS should work towards the inclusion of a PIP like the model within TRIPS framework for an efficient global response against a pandemic, by creating a collective pool of vaccines which all states may use.<sup>167</sup> Only by veering towards a collective approach, in case of a pandemic,<sup>168</sup> we can ensure that public health and innovation are protected, for there will be innovation only when the humankind is alive and prospers.

<sup>&</sup>lt;sup>159</sup> Id.

<sup>&</sup>lt;sup>160</sup> Jennifer Bjornberg, *Brazil's Recent Threat on Abbott's Patent: Resolution or Retaliation*, 27 Nw. J. INT'L L. & BUS. 199 (2007).

<sup>&</sup>lt;sup>161</sup> K D Raju, Compulsory v Voluntary Licensing: A Legitimate way to Enhance Access to Essential Medicines in Developing Countries, 22 JOURNAL OF INTELLECTUAL PROPERTY RIGHTS (2017).

<sup>&</sup>lt;sup>162</sup> Anusuya Nigam & Vrinda Pathak, Affordable access to Covid-19 drugs: Are voluntary patent licences here to

stay?,2020,ECONOMICTIMES,https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/affordable-access-to-covid-19-drugs-are-voluntary-patent-licences-here-to-

stay/articleshow/75756605.cms?from=mdr (last visited 19 July, 2020).

<sup>&</sup>lt;sup>163</sup> Kyung-Bok Son & Tae-Jin Lee, Compulsory licensing of pharmaceuticals reconsidered: Current situation and implications for access to medicines, 13 GLOBAL PUBLIC HEALTH 1430–1440 (2018).

<sup>&</sup>lt;sup>164</sup> WHO, Pandemic Influenza Preparedness Framework, WHA 64.5 Agenda item 13.1 24 May 2011. (hereinafter as PIP)

<sup>&</sup>lt;sup>165</sup> Id.

<sup>&</sup>lt;sup>166</sup> PIP, Para 6.

<sup>&</sup>lt;sup>167</sup> Christopher Garrison, Urgent collective action to meet the challenge of this pandemic crisis: a coronavirus related intellectual property pool, MEDICINES LAW & POLICY, https://medicineslawandpolicy.org/2020/03/urgent-collective-action-to-meet-the-challenge-of-this-pandemic-crisis-a-coronavirus-related-intellectual-property-pool/ (last visited Jul 20, 2020).

<sup>&</sup>lt;sup>168</sup> Prathiba M. Singh, Needed: A Pandemic Patent Pool, THE HINDU, May 1, 2020, https://www.thehindu.com/opinion/lead/needed-a-pandemic-patent-pool/article31475628.ece (last visited Jul 20, 2020)

### IV. INDIAN PERSPECTIVE: PANDEMIC AND PATENT LAWS

We know patent laws in India have its roots in the British era, and it start taking shape in 1911. Later, some significant committees were set up in 1949 Justice Tek Chand committee and in 1957 Justice N. Rajagopala Ayyangar Committee<sup>169</sup>. These committees scrutinised the existing patent laws and acted as the catalyst in the formation of the present-day Indian Patent Act, 1970. These committees formed the backbone for strong laws which are conducive to the public interest and compulsory licensing regime.<sup>170</sup>

In India, the concept of the compulsory license is not new as it was incorporated in the Patent Act, 1970 from the very inception. However, the use of compulsory licensing provisions is unsatisfactory and dismal. The first time it got invoked was after four long decades in 2011. In a landmark case *Bayer Corporation v. Natco Pharma limited*, it was granted to Natco pharmaceutical company for an anti-cancer drug named Nexavar.<sup>171</sup> Though, granting of this license came with a severe backlash from developed nations claiming that compulsory licensing should only be invoked in situations of public health crisis and not otherwise.<sup>172</sup> Due to intense criticism and severe scrutiny by International forums, all the applications for compulsory licenses have been rejected by the Controller General of Patent. Cases such as Roche's breast cancer drug Herceptin was rejected.<sup>173</sup>In 2013, BDR's application for a compulsory licence for Squibb cancer drug SPRYCEL was rejected merely on technical grounds. In a recent case of 2015, Lee Pharma filed for a compulsory license for diabetes management drug Saxagliptin which was again rejected by Controller as it did not meet the criteria for application. This is a reaffirmation of India's insipid performance when it comes to granting compulsory licenses.

<sup>&</sup>lt;sup>169</sup>Justice Ayyangar Committee Report 1959, IPINDIA.NIC.IN, http://www.ipindia.nic.in/writereaddata/Portal/Images/pdf/1959Justice\_N\_R\_Ayyangar\_committee\_report.pdf (last visited Jul 19, 2020).

<sup>(</sup>last visited Jul 19, 2020). <sup>170</sup> Uday S Racherla. *Historical Evolution of India's Patent Regime And Its Impact On Innovation In The Indian Pharmaceutical Industry*. INNOVATION, ECONOMIC DEVELOPMENT, AND INTELLECTUAL PROPERTY IN INDIA AND CHINA. ARCIALA SERIES ON INTELLECTUAL ASSETS AND LAW IN ASIA. SPRINGER, Singapore (2019)

<sup>&</sup>lt;sup>171</sup> Sood, M, Natco Pharma Ltd. v. Bayer Corporation and the compulsory licensing regime in India, 104 NUJS LAW REVIEW 99 (2013).

<sup>&</sup>lt;sup>172</sup> Devika Agarwal, Radhika Agarwal, The Dismal History of Compulsory Licences In India,

<sup>(</sup>Indian Institute of Technology, Madras) 2016, http://patentblog.kluweriplaw.com/2016/04/21/the-dismalhistorycompulsorylicencesindia/?doing\_wp\_cron=1594499575.3004329204559326171875#:~:text=In%20the% 20first%20four%20decades,anti%2Dcancer%20drug%2C%20Nexavar.\_ (last visited on 18 July). <sup>173</sup> Id.

Though, it does not mean that 'Public interest' has not been discussed widely in various landmark judgements. *In F. Hoffmann LA Roche Limited v. Cipla Limited*<sup>174</sup>, the court opined that the patent granted should be beneficial to the public and serve the public interest as per section 83(g). It was said that generic drugs should be affordable and should fulfil public interest. In another landmark case, *Novartis v. Union of India*<sup>175</sup> In this court observes that as per TRIPS agreement, members have the power to adopt measures and incorporate provisions which are essential in protecting public health and promoting the public interest. The dichotomy between the monopoly and public interest was highlighted, it explained that the monopoly is being granted to the patent holder as a quid pro quo to the knowledge of the invention which is disseminated for the benefit of the larger public.

However, due to the unique situation presented before us, i.e., COVID pandemic, there is an ongoing debate to revisit IP laws which can be conducive in developing medical miracles and reach masses at an affordable price. For this, it is pertinent to shed light on pivotal provisions under Indian patent Act, 1970, which can be invoked in such times of public health crises.

Compulsory licensing forms a large part of Indian patent laws, i.e., Section 84 till section 92. Compulsory license, as discussed under section 84,<sup>176</sup> can be granted only after expiration of three years from the date of grant of the patent. Any interested person or company can apply only when they have failed to negotiate a voluntary licensing agreement with the patentee. For granting, following criteria needs to be fulfilled: reasonable requirements of the public not met, non-availability at a low price and the patented invention not worked in the territory of India. This provision cannot be invoked as three years have not been elapsed since the grant of the patent.<sup>177</sup>

The proximate option available under the compulsory license regime is under section 92(3). This section does away with the need to negotiate a voluntary license with the patent holder and three years expiration to grant a compulsory license. In this case, the Controller can issue a compulsory license in the circumstances such as National emergency or extreme urgency,

<sup>174 2009 (40)</sup> PTC 125 (Del.)(DB).

<sup>&</sup>lt;sup>175</sup> (2013) 6 SCC 1.

<sup>&</sup>lt;sup>176</sup> Section 84<sup>(1)</sup> At any time after the expiration of three years from the date of the grant of a patent, any person interested may make an application to the Controller for grant of compulsory licence on patent on any of the following grounds, namely:—

<sup>(</sup>a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or

<sup>(</sup>b) that the patented invention is not available to the public at a reasonably affordable price, or

<sup>(</sup>c) that the patented invention is not worked in the territory of India.  $^{177}$  P Reall and P K-the T

<sup>&</sup>lt;sup>177</sup> R Beall and R Kuhn, *Trends in compulsory licensing of pharmaceuticals since the Doha Declaration: A database analysis, 106 PLOS Medicine Journal 2012*, D Harris, *TRIPS after fifteen years: success or failure, as measured by compulsory licensing*, 18 387 Journal on Intellectual Property Law (2010).

public non-commercial or during a public health crisis like an epidemic. <sup>178</sup> This provision can be invoked in the present times to do away with the monopoly rights at the same time provides a viable solution in providing affordable drugs. Apart from compulsory licensing, patent laws give immense authority to the government to exercise the rights of the patent holder by itself or through the third party in the name of public interest. Under section 100<sup>179</sup>, the government can issue a license and use an invention to itself or third party for the purposes of public interest. Lastly, under section 102<sup>180</sup> government also has an option to acquire the patent from the patent holder.

International pharmaceutical companies are conducting trials and R& D activities and launching various drugs with properties to cure the coronavirus. In such a scenario, section 107A known as bolar exemptions can be invoked. This provision enables the Indian generic pharmaceutical companies to conduct research and trials on the existing patented pharmaceutical drug. This is a defence to the patent infringement suit and enables generic companies for an early launch of the generic version of the drug. This provision enables clinical trials of the patented drugs such as Remdesivir and Favipiravir without the prior authorisation of the patent holder. There are numerous options to defeat the monopoly of the patentee in the pharmaceutical industry and make it available to the masses.

### A. PRESENT INDIAN POSITION: PANDEMIC AND PATENT LAWS

Despite the fact that patent laws provide umpteen provisions as discussed in the previous chapter, voluntary licensing is being adopted over compulsory licensing yet again. In May 2020 Gilead life sciences entered into non-exclusive voluntary licenses with numerous generic pharmaceutical companies to allow distribution and production of Remdesivir drug at

<sup>&</sup>lt;sup>178</sup> Juan, H. E., *INDIAN PATENT LAW AND ITS IMPACT ON PHARMACEUTICAL INDUSTRY: WHAT CHINA CAN LEARN FROM INDIA? IN INNOVATION, ECONOMIC DEVELOPMENT, AND INTELLECTUAL PROPERTY IN INDIA AND CHINA.* Springer Singapore (2019).

<sup>&</sup>lt;sup>179</sup> Section 100 (1) of the Indian Patents Act states –

Power of Central Government to use invention for purposes of Government. - (1) Notwithstanding anything contained in this Act, at any time after an application for a patent has been filed at the patent office or a patent has been granted, the Central Government and any person authorized in writing by it, may use the invention for the purposes of Government in accordance with the provisions of this Chapter.

<sup>&</sup>lt;sup>180</sup> Section 102 of The Indian Patent Act states that

<sup>1)</sup> The Central Government may, if satisfied that it is necessary that an invention which is the subject of an application for a patent or a patent should be acquired from the applicant or the patentee for a public purpose, publish a notification to that effect in the Official Gazette, and thereupon the invention or patent and all rights in respect of the invention or patent shall, by force of this section, stand transferred to and be vested in the Central Government.

<sup>(2)</sup> Notice of the acquisition shall be given to the applicant, and, where a patent has been granted, to the patentee and other persons, if any, appearing in the register as having an interest in the patent.

<sup>(3)</sup> The Central Government shall pay to the applicant, or, as the case may be, the patentee and other persons appearing on the register as having an interest in the patent such compensation as may be agreed upon between the Central Government and the applicant, or the patentee and other persons
affordable rates in 127 countries, including India. Several firms such as Cipla, Jubilant Life Sciences, Hetero, BRD and Mylan have signed a voluntary licensing agreement with Gilead Life Sciences.<sup>181</sup>Another drug Fabiflu, is the first oral favipiravir launched by Glenmark Pharmaceuticals which will be used to treat COVID-19. The Drug Controller General of India has granted permission to Cipla and Hetero pharma companies to launch generic versions of Remdesivir and Glenmark pharmaceuticals to manufacture favipiravir for restricted emergency use to treat Covid-19. <sup>182</sup>

International Pharmaceutical companies entering into a voluntary licensing agreement is not per se a benevolent move but rather a calculated move. It is to protect its patent from being exploited under the compulsory licensing regime and other possible scenarios where the government can take control over the patent. Furthermore, it safeguards the company from any potential allegations of misuse of its patent monopoly and monetising in such global public health crisis.

#### V. <u>CONCLUSION</u>

The current global health crisis has again resurfaced the public interest and proprietary rights dichotomy under patent laws. Historically speaking, there are umpteen theories and philosophical justifications of IP laws which favours public interest over patent rights. International Organization such as TRIPS aims to strike a balance between IP obligations and social obligations to serve the public interest. TRIPS also mandates other member states to conform to its obligations and incorporates such provisions which aims to curtail monopoly rights to serve public interest. International organization and national laws also incorporate several provisions which supersede patent rights in case of public health crisis and to protect the public interest.

In the first chapter, the author tries to justify with the help of the philosophical underpinnings

<sup>&</sup>lt;sup>181</sup> Teena Thacker, Covid-19 treatment: *Cipla, Hetero Lab get nod to manufacture and sell Remdesivir,* ECONOMIC TIMES, 2020, https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/ciplahetero-

getsellremdesivir/articleshow/75958389.cms?utm\_source=contentofinterest&utm\_medium=text&utm\_campaig n=cppst ( last visited on 18 July,2020)

<sup>&</sup>lt;sup>182</sup> Meenakshi Ray, *Glenmark's Covid-19 drug to nod to Hetero and Cipla for remdesivir: Latest on coronavirus treatment*, HINDUSTAN TIMES, 2020, https://www.hindustantimes.com/india-news/glenmark-s-covid-19-drug-to-nod-to-hetero-and-cipla-for-remdesivir-latest-on-india-s-fight-against-coronavirus/story-t2vOApAZQRpxG\_ (last visited on 17 July)

of IP laws that the patent rights are not sacrosanct. Patent holders are incentivized only to maximize public utility, and hence the ultimate goal is not creating monopoly rights but to promote the larger public interest. The author elucidates the philosophical justification with the help of several theories which restrict monopoly rights to promote larger public welfare. Utilitarian theory which posits that the exclusive monopoly rights are granted to the creators solely to promote larger goal of public interest. Bargaining theory which emphasize on the fact that monopoly rights on the invention is granted to further serve public Interest by disclosing the invention for the public use. Social Contract Theory advocates that monopoly rights are not absolute and can be curtailed by the state to serve public interest.

In the second chapter, the author analyses the provisions under TRIPS which are favourable in times of public health crisis and access to affordable medical care. Interestingly, TRIPS and Doha Declaration provides several provisions relating to compulsory licensing and Bolar Exemptions which can be invoked by the member states in times of public health crisis. There has been a poor implementation of these provisions due to severe backlash and staunch opposition by highly developed countries. The author has also highlighted the legal reforms taken by various countries to deal with COVID. Countries such as Israel which has invoked Section 104 and Section 105 of *Israeli Patents Law*, *1967* by issuing compulsory license, Ecuador and Chile has passed resolutions to grant compulsory license. Germany has passed *Prevention and Control of Infectious Diseases in Humans Act* to deal with COVID and has given approval for granting compulsory license to provide affordable access to medicines. Canada has passed *COVID-19 Emergency Response Act* which gives wide powers to government to sell, manufacture patented invention to serve public interest. It is time to learn from other countries by invoking appropriate provisions and strengthening the existing laws to deal with COVID effectively.

*In the third chapter*, the author sheds light on the relevant provisions under Indian patent laws which can be invoked to combat the pandemic. The author elucidates the legal provisions as covered under Section 84 to Section 92 of Indian Patent Act which encompasses compulsory licensing regime and its procedure. The author sheds light on Section 92(3) which can prove to be the most viable solution to provide affordable medical care during times of public health crises and can be invoked to deal with COVID. Due to mounting pressure from the international pharmaceutical companies, developed nations and international organization, has led to lackluster performance of these legal provisions. The author highlights the present position of India where Gilead and other international pharma companies have entered into voluntary licenses with Cipla, Hetero and other generic pharma companies established in

India to manufacture remedesivir drug. Such measures by international pharma companies are clear indicator of exploitation of exclusive monopoly rights and non-fulfillment of public interest. As government won't be in a position to regulate the terms of voluntary licenses and as a result will have dire consequences. Therefore, it becomes all the more pertinent to take strong measures by invoking appropriate provisions dealing with compulsory licensing to provide accessibility and affordability of medicines to the masses.

#### VI. <u>RECOMMENDATIONS: A WAY FORWARD</u>

#### A. GLOBAL PATENT POOLING FUND AND FAIR USES

World leaders are also taking a wide array of initiatives to collaborate and fight collectively against the virus. WHO has launched a patent pool to conduct clinical trials, collect patent rights, regulate test data and other technologies which can be conducive to develop drugs and combat COVID -19. Collect patent rights, regulatory test data, and other information that could be shared for developing drugs, vaccines, and diagnostics to combat COVID-19.<sup>183</sup> Pharmaceuticals patent pool is being established for multiple players such as Universities, research institutes, drug makers, and non-profit organisation to work collectively and share information about research, development and production of vaccine to fight the pandemic. <sup>184</sup> This initiative helps in global dialogue among different stakeholders and dissemination of health-related technology, intellectual property rights and other relevant data for fighting COVID-19.

#### B. PATENT SHARING AND CURBING MONOPOLY

It is pertinent that the giant pharmaceutical companies to not claim their monopoly rights of excluding others for making the drug more accessible and affordable. Private pharmaceutical companies have acted in a non-competitive manner for the benefit of public interest and to provide effective medical care. Gilead has cancelled its seven-year orphan drug period for Remdesivir. Similarly, Abbvie Pharma company in Israel has foregone its monopoly rights

<sup>&</sup>lt;sup>183</sup> COVID-19 Technology Access Pool, WHO, https://www.who.int/emergencies/diseases/novel-coronavirus-2019/global-research-on-novel-coronavirus-2019-ncov/covid-19-technology-access-pool (last visited on 17 July 2020).

<sup>&</sup>lt;sup>184</sup> Ed Silverman *,The WHO launched a Voluntary Covid-19 Product Pool. What happens next?,* STATNEWS.COM, 2020, https://www.statnews.com/pharmalot/2020/05/29/who-covid19-coronavirus-patents/ (last visited 20 July).

over Kaletra, which is being tested to treat COVID 19. However, the role of government is vital to act as a watchdog and observe the effective implementation of such policies.

#### C. <u>PUBLIC PRIVATE PARTNERSHIP</u>

Development of vaccine requires an ample amount of R& D investment. Public, private partnerships among all the stakeholders becomes pivotal to mitigate the disastrous effects of the pandemic in the future. Such partnerships would spur innovation, provide long term funding, capacity building, and legal compliance. Stakeholders such as policymakers, international organisations, big pharma companies, universities and other R&D centres can collaborate and work effectively to provide research funding and rapid development of effective technologies to fight the pandemic.

This shall prove to be a useful tool not only to address the global pandemic problem at hand but also would promote industrial growth considering the economic slowdown in the current times. This initiative will accelerate the development of advanced technologies and drugs and would reach to the people in need at a fast pace due to less legal complication and faster compliance by governing bodies.



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# INDIA: CONVENTIONALISATION OF NON-CONVENTIONAL TRADE MARKS

Adv. Ms. Mugdha Palsule<sup>\*</sup> & Adv. Ms. Nikita Lakhani<sup>\*\*</sup>

#### ABSTRACT

The TRIPS agreement perceives different kinds of trade marks. Being a member country, India has also made several changes in its trade mark law to comply with provisions of the TRIPS agreement. With the advent of the digital age, internet has given way to new ways of marketing. However, with easy accessibility of information, it is increasingly easier for a person sitting in a different continent altogether to infringe upon the 'source identifier' of your brand. Hence, more companies are adopting methods of sensory marketing to create a distinctive and long-lasting impression in the minds of the consumers. It is also an established fact that human beings resonate with the memories of their senses. Their senses of smell, sound, shape, touch, vision (identifying a color) may often result in them associating with a product. The registration of this distinctive sound is one of the several illustrations that companies are undertaking innovative and distinctive methods of marketing. The acquired distinctiveness has set the way for evolution of non- conventional trademarks around the globe. However, the issue regarding the registrability of these kinds of trademarks still remains uncertain and its protection under legal regime is still evolving through various precedents. There have been several such cases discussing the enforcement of these trademarks; however, there is a lack of uniformity regarding the same across various jurisdictions of the world. This is the result of the uncertain nature of these trademarks. The subjective nature of perceiving a smell, graphical representation, distinctiveness, functionality is some of the issues which are examined in this paper. The examples of non-

<sup>\*</sup> ADV. MS. MUGDHA PALSULE, Senior Associate, ASM Law Offices, New Delhi. and

<sup>\*\*</sup> ADV. MS. NIKITA LAKHANI, Associate, Sujata Chaudhri IP Attorneys, Noida.

conventional trade marks in India have been highlighted, discussing the procedure as well as the practicality of actually granting the registration and enforcing them in the courts of law.

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#### I. <u>INTRODUCTION</u>

"Muddai Lakh Bura Chahe to Kya Hota Hai? Wahi Hota Hai Jo Manjure Khuda Hota Hai!" Doesn't this ring a bell? In the year 2015, Mehboob Productions Pvt. Ltd. acquired a trade mark protection for this iconic dialogue as a sound mark. What differentiates little hearts biscuits by Britannia from other biscuits? It's distinctive shape. It is a registered trade mark too<sup>185</sup>. The thump sound from Royal Enfield attracting every passer-by on the street distinguishes it from other bikes<sup>186</sup>. Many such trademarks have acquired a secondary meaning so much so that they are capable of being registered as a trade mark.

The Standing Committee on the Law of Trade Marks, Industrial Designs and Geographical Indications (SCT) that was established by the World Intellectual Property Organization (WIPO) in its analysis of the non-traditional trademarks<sup>187</sup> divided them into visual trade marks (three-dimensional marks, colour marks, holograms, motion marks and others) and non-visual trade marks (sound marks, olfactory marks, taste marks, texture marks).The TRIPS agreement perceives different kinds of trade marks. Being a member country, India has also made several changes in its trade mark law to comply with provisions of the TRIPS agreement.

#### II. WHAT IS A NON-CONVENTIONAL TRADE MARK?

Traditionally, a trade mark was limited to words, logos and symbols. According to Section 2(z) (b) of Indian Trademarks Act, 1999, a trade mark is limited by the inclusion of the term 'being capable of graphical representation'. However, the main purpose of a trade mark is to act as a source identifier, which does not necessarily have to be in a written form or a graphical notation. An unconventional trade mark may be in the form of a smell, sound, hologram, colour, taste or shape. A mark does not always require a visual representation to distinguish it from other goods and services. Furthermore, the definition of trade marks in the

<sup>&</sup>lt;sup>185</sup> Trade Mark Number 4274917 in class 30 dated 26/08/2019 acquired by Britannia Industries Limited from Trade Marks Registry India.

<sup>&</sup>lt;sup>186</sup> Trade Mark Number 3044833 in class 12 dated 01/09/2015 acquired by Eicher Motors Limited from Trade Marks Registry India.

<sup>&</sup>lt;sup>187</sup> Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Representation of Non-Traditional Marks, Areas of Convergence, Twentieth Session, Geneva, December 1 to 5, 2008

Act also includes 'shape of goods', 'packaging', and 'combination of colours'.

#### A. <u>SMELL MARKS:</u>

In the case of Ralf Sieckmann v. Deutsches Patent und Markenam of 2002<sup>188</sup>, a smell described as "*as balsamically fruity with a slight hint of cinnamon*" for "methyl cinnamate" scent had been applied for registration. *The European Court of Justice ruled that (a) a chemical formula stated only the substance and not the odour of the substance and was not sufficiently intelligible, nor sufficiently clear and precise; (b) a written description was not sufficiently clear, precise and objective; and (c) a physical deposit of a sample of the scent did not constitute a graphic representation, and was not sufficiently stable or durable. This case stresses on the relevance of the graphical representation as a criteria for granting of protection as a trade mark.* 

However, it is simultaneously argued that the consumers associate the smell, sound, colour or shape with a product. Some successfully registered smell marks are a Dutch company's tennis balls with the scent of freshly mown grass; the UK registrations for tires with "a floral fragrance/smell reminiscent of roses" and darts with "the strong smell of bitter beer."189

As recently as in May 2018, Hasbro Inc., a leading toy manufacturing company has been granted registration for sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of salted, wheat-based dough smell of its product 'Play Doh'<sup>190</sup>.



<sup>&</sup>lt;sup>188</sup> Case C-273/00, ECJ, December 12 2002

<sup>&</sup>lt;sup>189</sup> Smell, Sound and Taste – Getting a Sense of Non-Traditional Marks, WIPO MAGAZINE, February 2009, also available at https://www.wipo.int/wipo\_magazine/en/2009/01/article\_0003.html

<sup>&</sup>lt;sup>190</sup> Trade mark Number 5,467,089 in class 28 dated May 15, 2018 acquired by Hasbro Inc. from United States Patent and Trade mark Office.

#### B. SOUND MARKS:

Yahoo yodel191 was the first trade mark in India to get registration as a sound mark.192 Hero Motor Corp. has successfully registered its sound mark which is repetition of the word 'Vroom' in India.<sup>193</sup> Registrability of sound marks depends on whether the sound is or has become a distinctive trademark to accept a sound like words or other trademarks and people should be able to easily identify these sounds. As the applications for registration of sound marks are gaining popularity in India, the Indian trade mark office incorporated the following:

1. The application must clearly state that the mark is a sound mark, failing which the application will be considered as if it were a word / device mark.

2. Sound marks must be represented with graphic representation of the sign by a musical state divided into measures and showing in particular, a clef, musical notes and rest, indicating relative value, sharps, flats and naturals. <sup>194</sup>Some other trademarks which are registered in India include:

- Four note bell sound of Britannia Industries<sup>195</sup>
- Nokia's guitar notes on switching on the device<sup>196</sup>
- Theme Song of National Stock Exchange197

As mentioned in the introduction, the iconic dialogue "Muddai Lakh Bura Chahe to Kya Hota Hai? Wahi Hota Hai Jo Manjjure Khuda Hota Hai!" registered by Mehboob Production Pvt. Ltd.<sup>198</sup> was acquired as a sound trade mark by submitting graphical notations of the same. The image of the graphical notes submitted before the Trade Marks Registry, India is reproduced below:

<sup>191</sup> Yahoo! Yodel https://www.youtube.com/watch?v=iC1a8xXQQDo

<sup>192</sup> Trade Mark Number 1270407 in class 99 dated 04/03/2004 by Oath Inc., Trade Marks Registry, India 193 Trade Mark Number 2529021 in class 99 dated 10/05/ 2013 by Hero MotorCorp Limited from Trade Marks Registry India

<sup>194</sup> Non-conventional Trade marks:Sound marks, Banana IP Counsels 25 Feburary,2017<sup>,</sup> https://www.bananaip.com/ip-news-center/non-conventional-trademarks-sound-marks/

<sup>&</sup>lt;sup>195</sup> Trade Mark Number 1913366 in class 99 dated 25/01/2010 by Britannia Industries Limited from Trade Marks Registry India

<sup>&</sup>lt;sup>196</sup> Trade Mark Number 1365394 in class 99(41,9 & 38) dated 20/06/2005 by Nokia Corporation from Trade Marks Registry India

<sup>&</sup>lt;sup>197</sup> Trade Mark Number 2152242 in class 36 dated 31/05/2011 by National Stock Exchange of India from Trade Marks Registry India

<sup>&</sup>lt;sup>198</sup> Trade Mark Number 3027897 in class 41 dated 10/8/2015 by Mehboob Productions Pvt. Ltd from Trade Marks Registry India



#### C. COLOUR MARK:

Indian law first incorporated the registration of single colour marks in the Manual of Trade Marks, Practice and Procedure, 2015, wherein it was stated that the colour mark shall be protected on strict evidence of acquired distinctiveness and protection granted strictly to the extent of that particular shade of colour.<sup>199</sup> The blue colour of Parachute Coconut oil bottle was also recognised as a source identifier by the Delhi High Court.<sup>200</sup> Other successful cases of single colour trademarks registrations include entities like Victronix AG (#1394234-brown colour label)<sup>201</sup> and Telekom AG (#1462271-magenta colour label)<sup>202</sup> have successfully registered their single colour marks in India.<sup>203</sup> The magenta colour label acquired by Telekom AG is reproduced below:



<sup>&</sup>lt;sup>199</sup> Manual of Trade Marks, Practice and Procedure, 2015 pg. 57 and 84

<sup>&</sup>lt;sup>200</sup> Marico Ltd. vs. Mr. Mukesh Kumar & Ors. 2018(76)PTC168(Del)

 <sup>&</sup>lt;sup>201</sup> Trade Mark Number 1394234 in class 8 dated 19/10/2005 by Victronix AG from Trade Marks Registry India
<sup>202</sup> Trade Mark Number 1462271 in class 38 dated 19/06/2006 by Deutsche Telekom AG from Trade Marks Registry India

<sup>&</sup>lt;sup>203</sup> IP Expressions, A biannual publication from the Office of Controller General of Patents, Designs and Trademarks, India Vol No.1 Issue 2, January, 2015

#### D. <u>SHAPE MARK:</u>

Under Section 2(z) (b) of Trade Marks Act, 1999 a specific mentioning will be found that shape of goods can qualify to be registered as a trade mark. It is pertinent to mention that the packaging of a product which constitutes trade dress of a mark is specifically defined in the Trade Marks Act, 1999 under Section 2 (q) which includes box, wrapper, container, bottle etc. Saffola 5 ltr. Oil Can<sup>204</sup> shape with two handles, the exclusive dotted pattern on the packaging of the products by Modern Food Enterprises Pvt. Ltd.<sup>205</sup> are registered as a trade mark in purview of trade dress of a product qualified as a source identifier. The 3D Shape of Ferrero Rocher packaging has also recently acquired a registration for its distinctive shape.<sup>206</sup> Interestingly, Jaguar Land Rover Ltd.<sup>207</sup> has acquired trade mark registration for shape of its car in India.

In Gorbatschow Wodka Kg. Vs. John Distilleries Ltd.<sup>208</sup> the Hon'ble Bombay High Court observed that "Parliament has therefore statutorily recognised the shape in which goods are marketed, their packaging and combination of colours for part of what is described as trade dress. A manufacturer who markets a product may assert the distinctive nature of the goods sold in terms of the unique shape through which the goods are offered for sale.

The shape of bottle which the Plaintiff has adopted has no functional relationship with the nature of the product or the quality required of the container in which Vodka has to be sold. The shape to use the language of a leading authority on the subject, is capricious. It is capricious that it is novel and originated in the ingenuity and imagination of the Plaintiff"

So much so that in the year 2006, Bochasanwasi Shri Akshar Purushottam Swaminarayan Sanstha<sup>209</sup>, has acquired trade mark registration for exquisite monument Akshardham building. The representation as submitted before the Trade Marks Registry, India is reproduced hereinbelow:

<sup>&</sup>lt;sup>204</sup> Trade Mark Number 2505358 in class 29 dated 2/04/2013 by Marico Limited, Trade Marks Registry India

<sup>&</sup>lt;sup>205</sup> Trade Mark Number 3805040 in class 30 dated 13/04/2018 by Modern Food Enterprises Private Limited, Trade Marks Registry India

<sup>&</sup>lt;sup>206</sup> Trade Mark Number 2349844 in class 30 dated 18/06/2012 by Ferrero S.P.A., Piazzale Pietro Ferrero, Trade Marks Registry India

<sup>&</sup>lt;sup>207</sup> Trade Mark Number 2820937 in class 99 dated 1/10/2014 by Jaguar Land Rover Ltd, Trade Mark Registry India

<sup>&</sup>lt;sup>208</sup> 2011 (47) PTC 100 (Bom)

<sup>&</sup>lt;sup>209</sup> Trade Mark Number 1429078 in class 41 dated 14/03/2006 by Bochasanwasi Shri Akshar Purushottam Swaminarayan Sanstha, Trade Mark Registry India



#### E. MOTION MARK:

A motion mark is an animated moving logo which is made to move in a specific way through programming and animation. Motion marks are an effective method for companies to communicate with the consumers and are gaining importance with technological advancement in this area.

Nusret Salt Bae, well known international chef became the internet sensation in the year 2017 for the way he cuts his meat and mostly for sprinkling salt in a particular way. He applied for this unique technique as a motion mark in European Union and acquired the same as it became a source identifier. India is also not far behind in registration of motion as a trade mark. A motion mark is an animated moving logo which is made to move in a specific way through programming and animation. UPL Limited, a company based in Mumbai has also been granted registration for the animation of their logo as motion mark210.

In the year 2017, Amazon Technologies, Inc<sup>211</sup> has registered the moving light sequence used in its Echo device as a motion trade mark in India. The representation as submitted before the Trade Marks Registry is reproduced below:

<sup>&</sup>lt;sup>210</sup> Trade Mark Number 4192672 in class 44 dated 30/05/2019 by UPL LTD., Trade Mark Registry India

<sup>&</sup>lt;sup>211</sup> Trade Mark Number 3468096 in class 35 dated 27/1/2017 by Amazon Technologies, Inc., Trade Marks Registry, India

# 00000

#### F. FLUID MARK:

Fluid trademarks are different methods of capturing various versions of a particular mark. The versions may not vary much from each other. They are designed in such a manner that various versions identify with one source. One of the most popular fluid marks is Google Doodle which changes frequently to commemorate various events. Similarly, In India, the iconic girl who is the face of Amul is used in various cartoons in different ways like visual commentary of contemporary social and political issues to promote its brand. During the ongoing Covid-19 era, numerous brands including Mc Donalds, Audi, BMW, Starbucks (mermaid with mask over its face) and Nike (Swoosh now says Just don't do it) have adopted fluid marks as a way of marketing.

#### G. TASTE MARK:

Taste marks overcame the hurdle of graphical representation by using written description of the taste and indication that it concerns a taste mark but taste may been defined as a functional feature of any product which still poses a barrier in registration of a taste mark. A taste mark is only applied in relation to goods and not services. This is resultant of the very nature of a taste mark. However, some jurisdictions have accepted Taste marks. 212

Eli Lilly's attempt to register the taste of artificial strawberries noting in its decision in case R 120/2001-2, "Any manufacturer... is entitled to add the flavour of artificial strawberries to those products for the purpose of disguising any unpleasant taste that they might otherwise have or simply for the purpose of making them pleasant to taste... Moreover, the taste is unlikely to be perceived by consumers as a trademark; they are far more likely to assume that it is intended to disguise the unpleasant taste of the product..." A similar attempt by N.V.

<sup>&</sup>lt;sup>212</sup> For example, in the Benelux Office the following mark has been registered (DE SMAAK VON DROP BX NO. 625971). "The trademark consists of the taste of liquorice applied to goods in class 16 (taste mark)".

Organon to register an orange flavour for pharmaceuticals was rejected by the USPTO. 213

#### H. TOUCH MARK

The touch mark should be distinctive to the users; i.e. it must not be just an eye-catching or ornamental element. It must be further than decoration and packaging of the goods or services that it is demonstrating and must possess the characteristic of a standard trade mark. One example of a touch mark is that of the texture of a Louis Vuitton bag.<sup>214</sup>

# III. <u>ISSUES REGARDING REGISTRATION AND PROTECTION</u> <u>OF A NON-CONVENTIONAL TRADE MARK</u>

For any mark to be eligible for registration it has to meet the statutory obligations but it should also have acquired distinctiveness. The basis of non- conventional trademarks to stand as a trade mark is the distinctiveness that the general public recognises pertains to the non-conventional part of the product such as shape, smell, colour or sound rather than the name of the product itself.

In simple terms it can be said that the feature of a mark and/or a product that meets the eye of the general public the most with a capacity to build goodwill on that very aspect even if it is non-conventional, can be registered as a trade mark. Owing to the unconventional nature of these trademarks, the process of registration is also complex in comparison to that of a traditional trade mark.

#### A. Distinctiveness:

The first and foremost obstacle in this scenario is the proof of being 'distinctive'. It is extremely important for a trade mark to be distinctive, as well as capable of distinguishing its goods and services from those of others. A practical approach for a sound mark would be to

<sup>&</sup>lt;sup>213</sup> USPTO, June 14, 2006, In re N.V. Organon

<sup>&</sup>lt;sup>214</sup> The Contemporary Issue of Non-conventional Trade Marks, Dipak Rao & Sana Singh, Lexology, available at https://s3.amazonaws.com/documents.lexology.com/ebe88cd8-9ed8-4d56-8ee2-

a9123af2fb19.pdf?AWSAccessKeyId=AKIAVYILUYJ754JTDY6T&Expires=1592240024&Signature=iGwXi1AOjRF5E%2FG5Te8ZCR0%2F%2BtA%3D

provide a digital recording because every person is not capable of reading a musical notation. It would appear that graphical notation should not pose an issue so long as a sound is distinctive. Simple forms of music with one or two notes which are used as nursery rhymes may not be granted as registration as they would not qualify as a 'distinctive' sound. One of the distinctive sound marks which have recently acquired registration is Twentieth century fox's Fanfare distinctive sound composed in 1993 by Alfred Newman.215

In the case of Gillette v Reckitt Benckiser, which was a case of disparagement, the Hon'ble Delhi High Court held that the use of a blue colour razor by the defendant in the advertisement was not justifiable. According to the Court, the defendant's argument that the shape of the razor was different could not be supported, because the defendant could have used any other colour, and the use of blue colour means that a viewer would necessarily correlate the razors in the advertisement with the razors of the plaintiff.<sup>216</sup> The Indian judiciary has recognised the association of colour with that of a product in several such instances.

Cadbury had also applied for registration of purple colour which but was refused. The court found issue with the wording: "Being the predominant colour applied to the whole visible surface of the packaging goods" as it felt the term 'predominant' was too broad. Nestle had opposed the application on the ground that the colour 'purple' did not possess a distinctive character and was not capable of being registered as a trade mark. Cadbury proved that the colour purple on the wrappers has gained a distinctive character.<sup>217</sup> However, when Cadbury tried to register for its shades, it was refused. <sup>218</sup>

The 'RED SOLE' of Christian Louboutin one of the top luxury brands in the world for female shoes was granted registration in Indian Trade mark office on 25 November 2015. The registration of a single colour as a trade mark was granted for 'RED SOLE' in 'Christian Louboutin v Abu Baker & Ors. against infringement and came to be known as a well-known mark. In another Delhi High Court judgment, trademark protection was denied even though the same court had earlier granted it the status of a well-known mark.<sup>219</sup> Louboutin should not be able to stop its competitors from using the colour red in their shoe designs because it would be too broad and is not distinct.

<sup>&</sup>lt;sup>215</sup> Trade Mark Number 3249610 in class 42 dated 03/05/2016, Trade Marks Registry India

 $<sup>^{216}</sup>$  Gillette v Reckitt Benckiser , CS(OS) 251/2016

<sup>&</sup>lt;sup>217</sup> Société des Produits Nestlé S.A. v. Cadbury UK Limited. [2012] EWHC 2637 (Ch) (1 October 2012)

<sup>&</sup>lt;sup>218</sup> CADBURY UK LIMITED v. THE COMPTROLLER GENERAL OF PATENTS DESIGNS AND TRADE MARKS & SOCIÉTÉ DES PRODUITS NESTLÉ S.A. (Case No: A3/2016/3082)

<sup>&</sup>lt;sup>219</sup> Christian Louboutin SAS vs. Pawan Kumar and Ors. (12.12.2017 - DELHC) 2018(73)PTC403(Del)

For example, the exhaust roar of Harley Davidson's motorcycles seems to be very characteristic, but the Japanese manufacturers, Suzuki, Kawasaki, Yamaha, and Honda, as well as American manufacturer, Polaris objected saying that other motorcycles can also make similar sounds. Further, it was not necessary that all motorcycles of Harley Davidson would produce a similar sound.<sup>220</sup> The point to be noted here is that a mark does not have to be inherently distinctive but can acquire a secondary meaning by use. It is also argued that a smell, sound or colour may often be an essential feature of a trade mark, making it functional in nature. The colour combination of green and yellow was recognised as a well-known mark in case of Deere and Co v S Harcharan and a suit of infringement was won by John Deere as the Defendant's products bore a striking resemblance to John Deere's famous tractor which had 'the body of the vehicle painted yellow and green for the wheels and seat painted yellow'. <sup>221</sup>

#### B. Graphical representation:

The criterion of graphical representation acts as a barrier to registration of a smell mark in India.

In the case of Shield Mark BV v Joost Kist<sup>222</sup>, it was pointed out that a sound which was filed for the registration needs to be accompanied by musical notation as it makes the sound "perfectly recognizable and leaves no room for doubt". The draft manual requires graphical notation as a condition, but Manual does not differentiate between musical and non-musical sounds. How can one to depict a non-musical sound using graphical notation alone? The Yahoo registration in India comes to relevance here. If the mark is identical to the one filed in the US,<sup>223</sup> then it has both a verbal and a musical component. This verbalised component (a human voice yodelling 'Yahoo') cannot be adequately represented by musical notes alone. A news report suggests that a digital sample of the 'Yahoo' sound was submitted along with musical notation <sup>224</sup> and this is in keeping with international trends. If it is represented as a written description, this leads to ambiguity. There are a number of ways of vocalising

<sup>&</sup>lt;sup>220</sup> Honda AG v Harley-Davidson Inc, 108 F 3d 1393 (Fed Cir 1997); Harley-Davidson Inc v William Morris D/B/A Bill's Custom Cycles, 19 F 3d 142 (3d Cir

<sup>1994);</sup> Harley-Davidson Inc v Selectra International Designs, 861 F Supp 754, 754 (E D Wis 1994).

<sup>&</sup>lt;sup>221</sup> Deere and Co v S Harcharan Singh (2015 (63) PTC433(Del))

<sup>&</sup>lt;sup>222</sup> ECJ Case C-2-283/01

<sup>&</sup>lt;sup>223</sup> US Serial No. 75807526 and Registration No. 2442140.

<sup>&</sup>lt;sup>224</sup> P. Manoj, Yahoo Awarded India's First Sound Mark; Nokia in Queue LIVE MINT, Aug. 22,

<sup>2008;</sup> Yahoo! Yodels into India's Trade Mark Registry MANAGING INTELLECTUAL PROPERTY WEEKLY NEWS, Sep. 1, 2008.

'Yahoo'. In the Indian context, the most vivid version is undeniably associated with the song 'Yahoo! Chaahe Koyi Mujhe Junglee Kahe' from the Hindi film *Junglee* (1961).225

Any motion mark should have the capability of being 'graphically represented' to obtain registration in India. A motion mark is usually accompanied by a series of sequential still images showing the movement or change of position forming the sequence of motion for which the Applicant is seeking registration.

#### C. Doctrine of Functionality:

The doctrine of functionality states that if products functional features are given a trade mark it would create a certain level of monopoly in the market. For example, the shape of a blade cannot be registered as it provides a technical result of its shape nature. If it is granted a trade mark registration, it would result in an unhealthy anti-competitive advantage to the owner of the trade mark. This barrier to registration applies to both technical features as well as aesthetic features. It affects any feature that "is essential to the use or purpose of the article or if it affects the cost or quality of the article"226

This poses an obstacle for registration of an unconventional trade mark. In the past, beer was sold in transparent bottles with no colour which resulted in the beer smelling bad because the UV Rays of Sun affected the transparent bottle. To come to a solution, brewers started using brown colour for beer bottles. However, because of shortage of brown bottles during World War II, it was swiftly replaced by use of 'green' bottles which also continued to keep the problem of UV Rays away. These two colours are used since then to attract various customers resulting from a rather functional feature. However, a trade dress or a shape of the beer bottle could be granted a registration. But slowly and steadily as single colour marks gained momentum, it was not a big deal to register a red sole or blue colour coconut oil bottle because of the fact that a feature may not only be added to benefit in use or any practical purpose but capriciously in order to give a distinctive appearance or characteristic to the company's product.

The main concern which is present in such cases is the uncertainty involved in getting registration for a functional feature or concept which would result in a permanent legal

<sup>&</sup>lt;sup>225</sup> A potentially (copyright) infringing clip is at: http://www.youtube.com/

watch?v=1KBmYXt\_v7w

<sup>&</sup>lt;sup>226</sup> Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 162, 165 (1995) (Supreme Court).

monopoly. This doctrine can be viewed as a part of the analysis in unfair competition, not as part of the analysis for trademark infringement claims.

#### D. Conflict with the statute:

To register a non-conventional trade mark in India the first hurdle is from the Trade Marks Act, 1999 itself.

The shape mark has to qualify the criteria under Section 9 (3) of the Trade Marks Act, 1999. Under Section 9 (3), confining a trade mark to absolute ground of refusal of registration, implies that a shape of goods cannot be registered as a trade mark (a) if it results from the nature of goods itself (b) if it is necessary to obtain a technical result and (c) if it gives substantial value to the goods.

Section 10 of the Trade Marks Act gives liberty and/or discretion to the Tribunal to decide distinctive character of a trade mark where colour combination is wholly or partly forms integral part of the trade mark and is sought for protection.

#### E. Other Intellectual Property (IP) protection conundrum:

The protection of non-conventional mark under Trade Marks Act always raises a conflict between other intellectual property protections as these marks technically constitute subject matter of other intellectual property and by stretching the scope of the same they are being registered under Trade Marks Act for acquiring perpetual protection and monopoly or exclusivity in the market.

A process patent for a distinctive smell could also be granted. In 2019, a chemical with the trade name Thesaron, became an essential ingredient in a new perfume, Silver Shadow Altitude, released by Davidoff, a brand owned by Coty. Drug companies have long made a lot of money by patenting new molecules. The scent makers Symrise of Holzminden, Germany; Givaudan of Geneva; International Flavours and Fragrances of New York; and Takasago of Tokyo spend billions on research to find new smell molecules, patent them and sell them. Each molecule is assessed for potential commercial value and each must pass toxicology tests. Those selected for the patent process are submitted to patent offices around the world. Responses typically arrive in six months to several years. In the United States,

patents generally run for 20 years, but after about ten years, scent makers start selling captives to their competitors, sacrificing exclusivity but generating another revenue stream. One recent successful Takasago captive is 1-muscone. A musk, 1-muscone has been known for years, but no one could come up with a way to make it economically until Takasago did. It then patented not the molecule but the synthesis pathways to produce it.227 This could also be another way to protect a smell mark. If the essential molecule or the process itself is granted a patent then no one could reproduce the smell except the original creator in the first place, or it would amount to patent infringement.

The Courts in India are frequently seen facing challenge in drawing distinction from design as all the features in a shape mark which are subject matter of Designs Act as well. Section 2 (d) of the Designs Act, 2000 specifically describes that the shape of goods is liable to protection as a design. The basic difference is that the shape that qualifies as a trade mark should be directly relatable to the source of the goods; on the other hand the aesthetic appeal is sufficient for a shape to be registered as a design. The recent trend acquired by the manufacturers is that a registration of design is acquired in the beginning which is termed for 15 years and upon maturity the same is applied as a trade mark for acquiring perpetual protection for the mark.

Carlsberg had constituted a suit for design infringement and passing off of their "TURBO" beer bottles against Som distilleries' "HUNTER" beer bottles with numerous identical features. It was argued by the Defendant that in the earlier decisions of Micolube and Dabur India v R.K. Industries it was constituted that joinder of design infringement and passing off cannot be entertained. However, it was argued by lawyers representing Carlsberg that the joinder was disallowed in case of Dabur India v R.K. Industries because one of the causes of action was not covered as a part of Court's jurisdiction. After dwelling into the past decisions the court came to the conclusion that a composite suit can be filed for design infringement and passing off. The five judge bench also clarified that the remedy for passing off for a registered design can be brought if the said design is not functioning as a trade mark and if passing off is claimed for trade dress or any other similar kind of infringement. The difference between a claim for registered design and trade dress was brought out in this judgment in the following way:

<sup>&</sup>lt;sup>227</sup> Chandler Burr, *Ahhh, the Seductive Fragrance of Molecules Under Patent*, THE NEW YORK TIMES ( (February 23,2008), <u>https://www.nytimes.com/2008/02/23/business/worldbusiness/23perfume.html</u>

"...if the registered design per se is used as a trade mark, it apparently can be cancelled. The larger legal formulation in Mohan Lal (supra), that a passing off action i.e. one which is not limited or restricted to trademark use alone, but the overall get up or "trade dress" however, is correct; as long as the elements of the design are not used as a trademark, but a larger trade dress get up, presentation of the product through its packaging and so on, given that a "passing off" claim can include but is also broader than infringement of a trademark, the cause of action against such use lies."228

Shape marks are also subject matter of copyright under the scope of artistic work. The packaging of the product or shape of product is often found to be registered as a copyright for acquiring maximum protection.

#### F. Infringement of non-conventional trademarks:

The issue regarding enforcement of a smell mark is related to be the 'subjective perception of smell mark'. A smell might be perceived in a different way by certain people. This makes it tough to decide 'what constitutes as infringement of a smell mark?'

Perception of smell of an individual is result of various factors such as temperature, humidity and wind conditions as well personal factors of age, gender or genetic factors. Further, some people do not have a strong sense of smell as compared to others. These factors might make it difficult to explain in court how one smell is infringing the other smell mark. As far as smell mark is concerned, there has not been litigation so far. This makes it even more confusing as there is no precedence on the process of infringement being handled by any court till date.

While this practice is becoming widely used, it is not an infallible method of detecting scent infringement or making scent profiles, as the court noted in Sherrell Perfumers Inc. v. Revlon Inc., without a universal method of identifying and classifying scents and given their subjective nature, consumers are bound to be confused as more scents enter the marketplace. Without the ability to distinguish scents accurately, proving infringement might be an almost impossible task.

India has never seen an infringement suit for a smell/olfactory mark. Nevertheless, many non-conventional marks such as sound marks, colour combinations as well as single colour

<sup>&</sup>lt;sup>228</sup> Carlsberg Breweries A/S.Vs. Som Distilleries and Breweries Ltd., C.S. (COMM) 690/2018 (India)

marks, shape marks and motion marks have been granted Protection in India. This shows that India is progressing towards registration of non-conventional marks and it won't be long before a smell mark will be granted registration as well.

And as far as infringement of smell marks is concerned, the 2015 Regulation of the European Union has provided for the use of generally available technology in order to represent the olfactory mark. Hence, the following technologies could be used to identify a smell:

- i) Sensory assessment (which might not always work, as we have established above)
- ii) Scentography is the technique of creating and storing odour by artificially recreating a smell using chemical and electronic means.
- Digital Scent Technology is a specific engineering discipline dealing with olfactory representation. The main goal of this technology is to transmit and receive 'scent enabled' digital media including web pages, video games and movies.
- iv) 'An Electronic Nose' is another device used to detect odours.
- v) 'A Scent Dome' also known functionally as "smell sampling by PC" is a peripheral device attachable to PC used for creating smell simulations for the users.<sup>229</sup>

Although, there has been no case of infringement for such a trade mark but how far would the rights extends for motion marks? Can Amazon take action against any other User Interface which contains blue gradient or circles or circles with voice assistance? It is interesting to find out how far our legal framework can reach to ensure the brands upcoming rights to protect.

### IV. <u>CONCLUSION:</u>

A particular feature of a product which is desired by general customer at large so much so

<sup>&</sup>lt;sup>229</sup>Sankalp Malik, Keshav Seth, Aditya Puri, *PROPERTY RIGHTS OVER FRAGRANCES, SMELLS AND PERFUMES PROTECTING YOUR AROMA CREATION AGAINST COMPETITIVE IMITATION & REGISTERING SCENTS AS COMMUNITY TRADE MARKS,* The Law Brigade (Publishing) Group, August 2018, http://thelawbrigade.com/wp-content/uploads/2019/05/Sankalp-Keshav-Aditya.pdf

that the said uniqueness itself becomes distinctive acquiring goodwill for that product. The distinctive quality of a product such as smell, touch, sound, shape is non-traditional source identifiers such as traditional notations as a brand name or a logo.

A non-conventional trade mark becomes a source identifier in the minds of public comparatively quicker than that of a traditional trade mark. In India, a trade mark is a perpetual existing intellectual property, upon which the manufacturers possess a right to protect the non-conventional features of their product specifically under Trade Marks Act. Smell and touch marks are yet to be acceptable as a trade mark in India. The non-conventional trademarks are difficult to become generic as compared to traditional trade mark. The non-conventional trademarks might get the well-known status easily due to their prolonged usage and popularity. The non-conventional trademarks are definitely proving to be the means of increasing creativity in manufacturers to make their product distinctive in nontraditional way.

On the other hand, the disadvantage of acquiring registration of a non-conventional trade mark is that it may lead to unfair competition and monopoly in the market. This may lead to other manufacturers facing difficulty in achieving a substantial market for their product. In India, a strong mechanism is required to identify the non-conventional trademarks through strong legislative back up. As analyzing the distinctiveness and deciding if the mark is worthy of protection is discretion of the examiner and/or registrar, the legislature shall consider engaging experts in the field to determine the registrability of the non-conventional trademark.

Therefore, it can be said that India being fairly accustomed to non-conventional trademarks still has a long way to go in recognizing the status of the said marks statutorily.



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# MUSIC PARODY AND COPYRIGHT: A COMPARATIVE ANALYSIS OF UNITED STATES AND INDIA

Prashant Singh<sup>\*</sup> & Meghna Sharma<sup>\*\*</sup>

## ABSTRACT

The research undertaken herein is conclusive of all the study in its practical as well as theoretical approach. It helps in improving the understanding of Copyright Laws vis-à-vis Parody Music in India and United States. Parody music, in general is the criticism or review of an artistic work and does not violate the rights of the original creator of such artistic work. The creator of Parody music has a defence falling under the category of either fair use or fair dealing and thus no way interferes with the rights of the creator of original work. The research further talks about the factors which are responsible in making the comparison in addition to the benefits of the same. As the jurisdiction of both the countries are different, the issues which may be faced in both the countries along with the similarities they bear upon is dealt under the study. Moreover, the study further shows the applicability of such principles in both the countries and recourse to the owner if the Parody music anyhow interferes with the beneficial interest of the owner. Under the U.S Law, it is fair use which is prominent whereas in India it is the fair dealing. Also, the fair dealing in India provides for the illustrative list and thus differentiates between what is fair use and what is fair dealing. On the other hand, in U.S law provides for the factor which amounts to fair use. Thus, the entire research revolves around how the comparative analysis of the IP law in the category of Copyrights vis-à-vis Parody music helps in drafting a better law for a country.

<sup>\*</sup> PRASHANT SINGH, Advocate, Supreme Court of India.

<sup>\*\*</sup> MEGHNA SHARMA, Independent Researcher.

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#### I. INTRODUCTION

In today's world, the idea of commercial privacy has assumed enormous significance. As a result of which, numerous conflicts of legal principles have dominated the academic discourse. At the core of this debate is the tussle between right to freedom of expression and right to exclude others from using copyright protected work.

Parody refers to a work, which humorously and critically comments on an existing work in order to expose the flaws of the original work. In order to create a successful parody, the parodist necessarily requires his audience to recognize the original work as well as the manner in which it has been ridiculed.<sup>230</sup> Thus a parody necessarily takes from and is based on a preexisting original work. This then inherently creates a conflict between the creator of the original work and the parodist since no one likes to be criticized or ridiculed. This translates into no license being granted by the holder of the copyright to a parodist. This harms freedom of speech since substantial use of copyrighted work is prohibited without the permission of the copyright owner and moreover, permission to create a parody is unlikely to be given. It is in this context that the defense of fair use can be utilized by the parodist for not to attract any liability for copyright infringement.<sup>231</sup> It is a form of work where on in a form of humor/satire passes a comment on an already existing work. Primary defense of Parody against copyright infringement is its fair use or fair dealing. It is a well-established fact that Unites States legal system has progressed far more than its' Indian counterpart in the issues of copyright vis-à-vis Parody music. Indian courts had often looked into the techniques followed by its' United Sates counterpart while dealing with issues of copyright, per se.

Fair use doctrine is one of the most important aspects of Copyright Law which draws a line between a legitimate, bonafide fair use of a work from a malafide blatant copy of the work.

<sup>&</sup>lt;sup>230</sup> ibid 466

<sup>&</sup>lt;sup>231</sup> Michael Spence, 'Intellectual Property and the Problem of Parody', [1998] 114 Law Quarterly Review 594 596-601

#### II. EXAMINING THE FOUNDATIONS OF FAIR USE QUA PARODY

The Doctrine of Fair Use in the United States finds its beginning in the Judge Story's 1841 ruling in *Folsom v Marsh*.<sup>232</sup> However, in order to appreciate its evolution, it is pertinent to note, how the Copyrights were themselves perceived at the time and also the context in which the doctrine was evolved from judicial pronouncements.

In United Kingdom, in the late-1700s, there were two notions that prevailed regarding the nature of Copyrights. The first notion viewed copyright as a *privilege* that was regulated by Statute and in so far as the Statute of Anne<sup>233</sup> declared that copyrights would vest with an author of the work for a period of 14 years and was subject to one extension period. It was a utilitarian conception that viewed the instrument of Copyright as a means to achieve greater social goals.<sup>234</sup> This is evidenced from the very title of the enactment which reads "*An act for the encouragement of learning, by vesting the copies of printed books in the authors or purchasers of such copies, during the times therein mentioned*".<sup>235</sup> An alternative, competing notion was also widely in acceptance. Under this second view, Copyrights in common law were not merely a *privilege* but rather they were a part of the author's *property*. Courts often had a recourse to the natural law and on various occasions claimed that there existed an independent Copyright in common law protecting the natural products of an individual's intellectual labour – and consequently affirmed that Copyright under common law enjoys perpetuity.

These diametrically opposed views were urged before the House of Lords in 1774 in *Donaldson v Beckett*<sup>236</sup> which ultimately held that Copyright was a mere statutory creation, thus reaffirming the utilitarian underpinnings of Copyrights rather than the view that Copyright was a natural entitlement of intellectual labour. Although in history, were in the context of the law in the united kingdom, it is evident that this inspired the inclusion of the Copyright Clause in the US Constitution which vested powers in the Congress to ""promote the progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>237</sup> Accordingly

<sup>&</sup>lt;sup>232</sup> Folsom v. Marsh, 9. F. Cas. 342 (C.C.D. Mass. 1841)

<sup>&</sup>lt;sup>233</sup> Copyright Act 1710, 8 Ann. c. 19 (Eng)

<sup>&</sup>lt;sup>234</sup> Tyler T. Ochoa & Mark Rose, The Anti-Monopoly Origins of the Patent and Copyright Clause, 49 J. COPYRIGHT SOC'Y U.S.A. 675 (2002).

<sup>&</sup>lt;sup>235</sup> Copyright Act 1710, 8 Ann. c. 19 (Eng)

<sup>&</sup>lt;sup>236</sup> Donaldson v Becket (1774) 2 Brown's Parl. Cases (2d ed.) 129, 1 Eng. Rep. 837

<sup>&</sup>lt;sup>237</sup> U.S. CONST. art. 1, § 8, cl. 8.

the United States Supreme Court in *Wheaton v. Peters*<sup>238</sup> unambiguously established the utilitarian or instrumental conception by affirming the ruling in *Donaldson* in American intellectual property jurisprudence.

A consequence of the utilitarian underpinnings of the English and American Copyright system<sup>239</sup> was that in situations where another work purported to transform a pre-existing work, it was presumptively justifiable.<sup>240</sup> As the instrumentalist conception prioritized the dissemination of information rather than an author's entitlement, the Courts were primarily concerned with the nature of the work that the original work was *put to* rather than engaging the substantiality of the original work that was borrowed. Anglo-American jurisprudence from this era is rife with examples of such cases. For instance, translations<sup>241</sup> and abridgements<sup>242</sup> were all considered to not infringe the works they were dependent upon as they helped to achieve the objectives of the Copyright system. This notion was popular in the United Kingdom while the United States courts were inconsistently applying the principle.

It was in this context that the decision in *Folsom v. Marsh*<sup>243</sup> and its application of the Fair Use doctrine, has radically transformed Copyright jurisprudence. In Folsom case, the Court fashioned that Copyrights were to be treated as a sub-set of property rights. In a case regarding whether an abridged version of a biography infringed the original work, the Court reintroduced the natural law notions of workmanship and observed that the abridged version might be very meritorious, however, the merit of the allegedly infringing work was not relevant in so far as issues of infringement were concerned. Rather, it was the portion of the original work that was *unfairly* misappropriated which turned to be the decisive factor on the question of infringement. Transformative works were henceforth not considered to be presumptively justified; instead the use of the previous work would have to be *fair*. This notion of fairness is the bed rock of the fair use doctrine today, which reintroduced the natural law entitlement to one's intellectual labour. It is therefore evident why the *portion* and *nature* of borrowing become central to the fair use enquiry and the merit of the new (allegedly infringing) work or its contribution to the progress of the Arts, comparatively became irrelevant. The Fair Use doctrine, in its evolution was therefore a site for contestation

<sup>&</sup>lt;sup>238</sup> 33 U.S. 591 (1834).

 <sup>&</sup>lt;sup>239</sup> Mark A. Lemley, Romantic Authorship and the Rhetoric of Property, 75 TEx. L. REV. 873, 895-96 (1997)
<sup>240</sup> Id.

<sup>&</sup>lt;sup>241</sup> Burnett v Chetwood, 35 Eng. Rep. at 1009; Stove v Thomas, 23 F. Cas. at 201

<sup>&</sup>lt;sup>242</sup> Gyles v Wilcox, 26 Eng. Rep. 489 (Ch. 1740)

<sup>&</sup>lt;sup>243</sup> Folsom v. Marsh, 9. F.Cas. 342 (C.C.D. Mass. 1841)

on redefining and understanding the very nature of copyrights.

#### III. IMPACT OF STATUTORY FRAMEWORK AND **INTERNATIONAL OBLIGATIONS**

Beginning with the discussion on the framework in the United States, it has been observed that when the question comes before the court to determine what is fair, the courts seek to pick up a cue from Title 17 of the Unites States Code.

"In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include-

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole: and

(4) the effect of the use upon the potential market for or value of the copyrighted work."<sup>244</sup>

The reason for the same is that the Indian Legislation for Copyright i.e. Copyright Act, 1957 is blessed with ambiguities which make it imperative for the Indian Court to refer to foreign jurisdictions especially Unites States.

According to the Copyright Act, 1957,

"(1) the following acts shall not constitute an infringement of copyright, namely: —

(a) a fair dealing with a literary, dramatic, musical or artistic work 1[not being a computer programme] for the purposes of—1[(i) Private use including research;]

(ii) criticism or review, whether of that work or of any other work;"<sup>245</sup>

 <sup>&</sup>lt;sup>244</sup> Copyright Act of 1976, s 107
<sup>245</sup> Copyright Act of 1957, s. 52(1)(a)

While dealing with the question as to when a musical parody shall constitute fair use and when not, one needs to refer to the copyright law of India as well as the United States. Copyright law in United States and India are substantially similar in nature for the simple reason that both adhere to the TRIPS agreement. India signed the TRIPS agreement in 1994<sup>246</sup>, whereas the United States was one of the primary states on whose behest TRIPS agreement was drafted. TRIPS agreement came into force on 1<sup>st</sup> January, 1995.<sup>247</sup>

#### A. EXAMINING THE IMPACT OF TRIPS AND THE BERNE CONVENTION

International treaty framework that regulates the ambit of Fair Use:

- a. Berne Convention
- b. TRIPS Article 13

The Berne Convention as it was drafted in 1886 provided an absolute 10 year Copyright term to the author that was not subject to any exceptions, it was felt that this guaranteed a simple protection and could foster the creation of a stable copyright regime.<sup>248</sup> However this was seen to be inadequate and consequently it was amended in 1967 to add an explicit authorial reproduction right and an exception to it was enumerated in Article 9 of the convention.<sup>249</sup> Paragraph 2 of Article 9 lays down the controversial three-step test to create exemptions to the acts of infringement that would otherwise violate the author's exclusive reproduction right. The drafting history and the many official commentaries/guidebooks provide a significant insight into the operability of the exemption.

The initial discussions<sup>250</sup> the negotiators approached the creation of exemptions through creating a list that allowed for exemptions for reproductions of works in three cases – i.e. for private use, for judicial or administrative purposes or if it was not prejudicial to the legitimate interests of the author or the exploitation of his/her works. Eventually it was felt that an overriding principled approach would better help unify Copyrights across jurisdiction and the

<sup>&</sup>lt;sup>246</sup> Anand Nandkumar, Was the TRIP Worthwhile? < http://www.forbesindia.com/printcontent/29302 > accessed 9 December 2017

<sup>&</sup>lt;sup>247</sup> Overview: the TRIPS Agreement < https://www.wto.org/english/tratop\_e/trips\_e/intel2\_e.htm > accessed 9 December 2017

<sup>&</sup>lt;sup>248</sup> Report Of The Committee (Svante Bergstrom), In International Bureau Of Intellectual Property, Berne Convention Centenary (1886–1986) 196, Paras. 78–86 (1986).

<sup>&</sup>lt;sup>249</sup> Sam Ricketson & Jane C. Ginsburg, International Copyright and Neighbouring Rights: The Berne Convention and Beyond (2d Ed. 2006)

<sup>&</sup>lt;sup>250</sup> Claude Masouye, World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971), At 55, Comment 9.6

#### present text of Article 9(2) was adopted.

Article 9(2) as it now reads:

"It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."<sup>251</sup>

Before we get into the very nature of this test and to the compliance requirements of fair use/fair dealing, a keen reference to the relevance and centrality of the text is required as adopted for the first time in the Berne Convention. The text of Article 9(2) has attained a degree of centrality in Copyright exceptions discourse as it has been adopted into various multilateral treaties such as the WTO/TRIPS, WCT and WIPO, with its application now stretching into regulating digital technologies that could not have been contemplated when the text was coined. Of particular importance is its addition in the TRIPS agreement. Owing to the incorporation of the Berne Convention in Articles 1-20 of the TRIPS, the convention becomes directly applicable in TRIPS jurisprudence and in any event, Article 13 of the TRIPS incorporates, with some minor modifications, the text of Article 9(2) of the Berne Convention.<sup>252</sup>

During the drafting of the TRIPS, it was felt that there was a need for additional requirements over the Berne criteria. A few distinctions between the Berne standard and the TRIPS standard are worth noting. The TRIPS agreement, rather than being restricted solely to the author's right of reproduction, explicitly includes all exclusive rights that come with a Copyright. Further, Article 13 of the TRIPS doesn't explicitly include a right to make exceptions like the Berne Convention, it rather exhorts that states *shall* comply with the three-step test in the case of any abridgement of the rights of a copyright owner.<sup>253</sup> Despite the efforts to clarify the standard, the TRIPS agreement made no progress in defining or further elaborating on the rather ambiguous criteria and is a cause of concern among the WTO Contracting Parties.<sup>254</sup>

<sup>&</sup>lt;sup>251</sup> Article 9(2), Berne Convention

<sup>&</sup>lt;sup>252</sup> Article 13, TRIPs

<sup>&</sup>lt;sup>253</sup> Sam Ricketson & Jane C. Ginsburg, International Copyright and Neighbouring Rights: The Berne Convention and Beyond (2d Ed. 2006

<sup>&</sup>lt;sup>254</sup> World Trade Org., Review of Legislation on Copyright and Related Rights-United States, IP/Q/USA/1 (last modified Oct. 30, 1996) <a href="http://www.wto.org/wto/ddf/ep/public.ht">http://www.wto.org/wto/ddf/ep/public.ht</a>

Owing to the compulsory dispute settlement under the WTO covered agreements, the dispute settlement panel in *United States – Section 110(5) Of The US Copyright Act*<sup>255</sup> had the occasion to judicially apply the treaty provision (as the matter did not particularly involve the compliance of the fair use doctrine, there is no need to further examine the panel report here). It is readily apparent that the three-part test is of immense significance as regard exemptions to Copyrights.

The 1974 Guidebook authored by Dr. Maseyou,<sup>256</sup> view the three parts of the test as constituting an inseparable whole that would have to be applied simultaneously and cumulatively. He identifies the three parts to refer to the three simultaneous requirements that the exemption, which would have to necessarily be through the process of legislation, to cater to *certain specific circumstances*, that the use did not create an encumbrance to the *legitimate interests of the author* and that it *not interfere with the exploitation of the original work*. For an exemption to qualify under this test, it would have to comply with all three limbs. Dr. Fiscor, writing in 2003,<sup>257</sup> indulges in a more detailed treatment than his predecessors on the interpretation of the provision.

While it is beyond the remit of this review to elaborately discuss the varied interpretations of the three-part test, the following passage will attempt to shed light on the compliance of the Indian and American fair dealing/fair use provisions with the three-part test to illustrate the nature of this inquiry and to highlight the points of contestation.

The compliance of US Fair Use law with the TRIPS standards has been extensively discussed in the context of parodies and in the context of software or computer program reverse engineering. Courts have found<sup>258</sup> that a consequence of the principle that ideas are not per se protectable which implies that both parodies and reverse engineering programs would be fair use. However, many European and Commonwealth countries do not recognize both of these are being part of their exemptions to Copyright, with the US in particular pressurizing other

<sup>&</sup>lt;sup>255</sup> Panel Report, DS-160

<sup>&</sup>lt;sup>256</sup> Claude Masouye, World Intellectual Property Organization, Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971), At 55, Comment 9.6

<sup>&</sup>lt;sup>257</sup> Dr. Mihaly Ficsor, World Intellectual Property Organization, Guide to the Copyright and related rights treaties administered by WIPO and glossary of copyright and related rights terms, 56-60, comments bc9.11–9.29 (2003)

 <sup>&</sup>lt;sup>258</sup> Sega Enters. Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992); Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569

jurisdictions to *not to* adopt its fair use standard.<sup>259</sup> Commentators have opined that at least in the case of reverse engineering, the US would fail as it fails to meet two of the three requirements.<sup>260</sup> First, that because the judicial dicta in *Sega* did not relate to any specific instances, it would fail the first limb of the test and as it prejudiced the legitimate interests of the original copyright owners, but now exposing their software, it would also fail the second test. Further, the four-factor test that is mentioned in section 107 of the US Copyright Statute are also opined to be too broadly worded to qualify the requirement of specificity.<sup>261</sup>

When the fair use doctrine is contradistinguished with Section 52 of the Indian Copyright Act, it is evident that the compliance of the first test is unlikely to be an issue. Fair dealing under Indian copyright law requires that it fall under one of the uses that finds mention under Section 52 thus ensuring specificity. However, specificity alone would not ensure compliance. As was observed by commentators in the wake of the DU Photocopy judgement<sup>262</sup> there is a significant likelihood that various aspects of India's fair dealing provisions in both software and the reproduction of books in the course of instruction would fail to be in compliance with Article 13 if Section 52 were to be challenged at the WTO.<sup>263</sup>

While the present paper is limited in scope to the applicability of the fair use doctrine to parodies, in understanding the implications of multilateral agreements. It would nonetheless be imperative to understand how the three-part test is understood in different contexts.

The primary difference between United States and Indian jurisdiction vis-à-vis fair use is that United States law uses the term "fair use" whereas the common law jurisdictions such as India use the term "fair dealing". One of the earliest case laws on the subject of "fair use" in US is that of Folsom v. Marsh<sup>264</sup>. This case is often regarded as the locus classicus in the field of fair use in United States. In the instant case, Justice Joseph Story gave the four factors that determine the fair use. Later on, these factors were codified under Copyright Act, 1976.<sup>265</sup> Fair dealing, a concept under India seeks to give strength to the Freedom of expression enshrined under Article 19 of The Constitution of India, 1950.

<sup>&</sup>lt;sup>259</sup> Crystal D. Talley, Japan's Retreat from Reverse Engineering: An Unnecessary Surrender, 29 CORNELL INT'L L.J. 807, 836

<sup>&</sup>lt;sup>260</sup> John A. Williams, Can Reverse Engineering of Software Ever Be Fair Use? Application of Campbell's "Transformative Use" Concept, 71 WASH. L. REV. 255, 26

<sup>&</sup>lt;sup>261</sup> A Coleman, Copyright Exceptions: The Digital Impact (2005), 253–264

<sup>&</sup>lt;sup>262</sup> The Chancellor, Masters & ... vs Rameshwari Photocopy Services, Delhi High Court, RFA(OS) 81/2016

<sup>&</sup>lt;sup>263</sup> Eashan Ghosh, Fundamental Errors in Fundamental Places: A Case for Setting Aside the Delhi University Photocopying Judgement, Volume 9 Issue 1-2 (2016), NUJS Law Review

<sup>&</sup>lt;sup>264</sup> [C.C.D. Mass. 1841] 9. F.Cas. 342

<sup>&</sup>lt;sup>265</sup> Copyright Act of 1976, s. 107

In contrast to the Indian Law, fair use under United States code enlist the four factors that shall be put to use while deciding what is fair use and what is not. Whereas, the Indian Copyright act provides a list as to what shall constitute Fair dealing and what not. Thus, the approach while deciding whether parody music infringes copyright law in United States and India shall involve different strategies. In India, the author of parody music shall have to satisfy the four factors laid down under Section 107 of Copyright Law of United States.

Whereas in India, such author shall have to satisfy that his product i.e. parody music does not intend to compete with the original work and also that it does not seek to make "improper use" of such work.

While dealing with the question of what is "improper use", Hon'ble Kerala High Court observed in the case of *Civic Chandran v. Ammini Amma*<sup>266</sup> that as long as a parody work seeks to criticize the original work, it does not constitute improper use within the meaning of copyright law.

As Intellectual Property Law is such field of law which is very versatile and changes drastically. In order to keep a check, and implement newer provisions relating to IP law in a country, such country needs to analyse and understand the newer concepts and provisions from other countries in order for a better legislation and implementation<sup>267</sup>. The intellectual property law is changing at a dynamic pace, and thus needs a thorough research on the laws of different countries. Parody, is a concept underlying in the backdrop of literary, and artistic work mainly. TRIPS (Trade Related aspects of Intellectual Properties) is also one of the main agreements which requires attention and validation of the countries looking for newer dynamics of intellectual property. TRIPS provide for the minimum requirements which needs to be fulfilled by each member of the agreement.

# IV. <u>A CROSS-JURISDICTIONAL APPROACH OF FAIR USE IN THE</u> <u>REALM OF PARODY</u>

The law enumerated under Section 52 of Copyright Act, 1957 of India is limited in nature as

<sup>&</sup>lt;sup>266</sup> [1996] PTR 142

<sup>&</sup>lt;sup>267</sup> M. Adams & J. Griffiths, 'Against "Comparative Method": Explaining Similarities and Differences' (Cambridge University Press 2012)

it provides an illustrative list as to what shall constitute fair use and what shall not. Whereas the four factors listed under the United States Copyright Act of 1976, provides the four factors that the courts shall consider while deciding as to what fair use is and what is not.

Thus, the Indian copyright legislation has been limited and confined as far as its' dealing with fair use is concerned. Whereas, the United States Legislation has adopted a flexible approach in its' dealing with the Doctrine of Fair Use. However, the same has not deterred the Indian Courts from referring to the factors laid down under US law as the same are put to use from time to time in suitable cases. Thus, it is pertinent to mention that India still has a long way to go in developing a full-proof law vis-à-vis fair dealing. The cue can be sufficiently picked up from the United States' approach towards the Doctrine of Fair Use so that a balance can be created between Freedom of Speech such as expressing one's opinion through musical parody and improper use of a copyrighted work which is the original work.

#### A. FAIR USE IN INDIA

The defence of fair use is provided for in Section 52 of the Copyright act which states among other things, that a fair dealing with a literary work for the purpose of criticism or review, whether of that work or of any other work shall not constitute infringement of copyright.

In the case of *M/s. Blackwood & Sons Ltd. v. A.N. Parasuraman*, it has been observed that in order to constitute a fair dealing there must be no intention on the part of the alleged infringer, to compete with the copyright holder of the work and to derive profits from such competition and also, the motive of the alleged infringer in dealing with the work must not be improper.<sup>268</sup>

Ayush Sharma, in his paper titled 'Indian perspective of Fair dealing under Copyright Law: Lex lata or Lex Ferenda?' argues that the four-factor test while has been adopted from the U.S. by the Indian judiciary, this test has been applied in limited contexts and there is no holistic view of how the issue would deal with its myriad factors. He states that the doctrine is an indisputable necessity and that the courts instead of trying to incorporating fair use by dealing with a literary work for the purpose of criticism or review, whether of that work or of any other work shall not constitute infringement of copyright. He conducts a thorough survey of the cases on fair use or fair dealing as it is called in the commonwealth and creates an

<sup>&</sup>lt;sup>268</sup> M/s. Blackwood & Sons Ltd. v. A.N. Parasuraman AIR 1959 Mad. 410

analysis of the four factors that the U.S follows to determine fair dealing and looks at how much these factors have been considered by the Indian Courts.

#### ON PARODY AS FAIR USE IN INDIA

Rahul Saha and Sryon Mukherjee in their paper titled 'Not so funny now is it – the serious issue of parody in Intellectual property law<sup>269</sup> discuss American and Indian case law to put forth the argument that parody constitutes fair use and thus does not violate copyright law.

They note that to successfully avail of the fair use defence in India, a parodist has to satisfy two conditions: (i) he must not intend to compete with the copyright holder and (ii) he must not make improper use of the original. The first condition, which is essentially the market substitution test, is easily proved, as most parodies do not seek to compete with the original but merely to ridicule or criticize the original in a manner that exposes its flaws. As far as the second condition is concerned, they state that it is doubtful as to what is meant by improper use and whether a parody is an instance of such use. The Kerala High Court judgment in *Civic Chandran v. Ammini Amma*<sup>270</sup> is illustrative.

The artistic work challenged in Civic Chandran was not a parody as such, but a counter drama, as expressively termed by the Court. The original work in question was Ningal Enne Communistakki – a well-known drama written by Thoppil Bhasi, a famous Malayalam playwright. The play dealt with some of the burning social and political problems of those days, specially espoused by the Communist Party of India before its split and had considerably aided the undivided Communist Party of India to come to power in Kerala in the 1957 assembly elections.

On the other hand, the counter drama written by the appellant, Civic Chandran, was intended to convey the message that though the party had succeeded in coming to political power, it had forgotten the depressed classes who were instrumental in its success, and who had made substantial sacrifices for the party. The counter drama used substantial portions of the original, with some alterations required for its purpose. The characters and dialogues in the

<sup>&</sup>lt;sup>269</sup> Rahul Saha, Sryon Mukherjee 'Not so funny now is it – the serious issue of parody in Intellectual property law' [2009] 2 Indian Journal of Intellectual Property Law

<sup>&</sup>lt;sup>270</sup> Civic Chandran v. Ammini Amma 1996 PTR 142

original were also reproduced in some instances.<sup>271</sup>

The Court held that the reproduction was not a misappropriation for the purpose of producing a play similar to the original. Rather, the purpose was to criticize the idea propagated by the original drama, and to expose to the public that it had failed to achieve its real object. Furthermore, it was noted that there was no likelihood of competition between the two works in question. It was held that since the copying was for the purpose of criticism, it amounted to fair dealing and did not constitute infringement of the copyright.

It is therefore evident that Indian law on Fair Dealing, although not clear, leaves plenty of room for arguing that a parody will not infringe copyright. It is important to note is that, in arriving at this holding, the factors considered by the Court were: "(1) the quantum and value of the matter taken in relation to the comments or criticism; (2) the purpose for which it is taken; and (3) the likelihood of competition between the two works."<sup>272</sup> This three-fold test is markedly similar to the test used by American judiciary. The only factor omitted is the nature of the copyrighted work – a factor that has been stated to be of little importance as far as parodies are concerned. As for moral rights, the right to publicity, the authors Saha and Mukherjee note has barely had any recognition in the Indian legal scene.

#### B. FAIR USE IN THE U.S

In the absence of a statutory definition for fair use, the Supreme Court, in Justice Story's words laid down the four factor tests in *Folsom v. Marsh*<sup>273</sup>, where it was stated:

"Look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work."

These criteria were used to decide fair use cases until the codification of the elements of the test in Paragraph 107 of the United States' Copyright Act.<sup>274</sup>

<sup>&</sup>lt;sup>271</sup> n4

<sup>&</sup>lt;sup>272</sup> n5

<sup>&</sup>lt;sup>273</sup> Folsom v. Marsh 9 F. Cas. 342, No. 4,901

<sup>&</sup>lt;sup>274</sup> Leon R. Yankwich, 'Parody and Burlesque in the Law of Copyright', [1955] 33 CAN. B. REV. 1130-1133
#### ON PARODY AS FAIR USE IN THE U.S.

In Saha and Mukherjee's work, the case of *Campbell v. Acuff-rose Music, Inc* is focused for having the most comprehensive analysis of the four fair use factors vis-a vis parodies.

In this case, the U.S. Supreme court decided that a parody based on criticism or comment could be considered as fair use of a copyrighted work. This case concerned a lawsuit brought by the acuff-rose on ground of the fact that that group wrote a rap song parodying acuff-rose's song even after refusal of permission from acuff-rose. When the case came to the Supreme Court, the previous court had held that the parody may cause market harm to the copyright holders and doesn't fall under fair use.<sup>275</sup> The four factors the judges consider are first, the purpose and character of your use. Second, the nature of the copyrighted work. Third, the amount and substantiality of the portion taken, and finally, the effect of the use upon the potential market.

The Supreme Court defined parody as "the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's work." The relevant question then, for the court was to what extent the work is transformative, i.e., to what extent the new work alters the original with new expression, meaning or message<sup>276</sup> Justice Souter found that the rap group's version rose to the level of parody by virtue of its comments on the naïveté of the original; since it "juxtaposes the romantic musings of a man…with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility."<sup>277</sup>

On the other hand, this law-and-economics school of thought, as Patricia Aufderheide and Peter Jaszi term it, "*simply does not work when noneconomic values are important*," as with scholarly publishing. More recently, courts in America have tended to lean foremost on the factor of transformativeness, asking to what degree the original work is transformed by the reuse and for what purpose<sup>278</sup>

Coenraad Visser provides a useful comparative perspective in his article titled 'The location

<sup>&</sup>lt;sup>275</sup> Brian R. Landy, 'The Two Strands of the Fair Use Web: A Theory for Resolving the Dilemma of Music Parody', [1993] 54 OHIO ST. L.J. 227

<sup>&</sup>lt;sup>276</sup> *Campbell v. Acuff-rose Music, Inc* 510 U.S. 569, 581 (1994)

<sup>&</sup>lt;sup>277</sup> ibid 583

<sup>&</sup>lt;sup>278</sup> Patricia Aufderheide and Peter Jaszi, Reclaiming Fair Use: How to Put the Balance Back into Copyright (University of Chicago Press 2011) 39

of the parody defence in copyright law: some comparative perspectives'<sup>279</sup>. He analyses various jurisdictions and finds that they cleave into two camps in creating the defence for parody – either a special exception for parody from copyright infringement or by treating it as part of a general exception from copyright infringement, such as fair use or fair dealing. The United States falls in the latter camp.<sup>280</sup>

E. Scott Fruehwald supports the status quo by arguing that parody should not receive a special status, and should be evaluated under the usual four factors in fair use analysis. He further states that the fair use-analysis should be done on a case-by-case basis having considered the interaction of the factors and the subfactors, instead of creating any presumptions about usage such as commercial use being presumptively unfair. His final argument stems from economics and he states that the fair use defense should be applied narrowly to parody since courts can consider the interests of the parodist and the creator of the original in apportioning profits.<sup>281</sup> Judge Leval proposed the 'transformativeness' concept into fair use law in a seminal piece.<sup>282</sup>

Amy Adler critiques the creation of the 'transformativeness' standard as introduced by Judge Leval in 1980 and which was accepted by the supreme court as part of the fair use doctrine. The idea was to protect free speech and foster creativity by greater leeway through fair use for the creators to build on preexisting works. However, she argues that the test has not only failed to accomplish the goal but has in turn stifle creativity<sup>283</sup>. Her argument is that concept of transformativeness is unsuited for the present times as it requires to look for whether the art has 'meaning' or is 'new'. This she argues is not viable in a contemporary society when so much of current art has multiple varying meanings and uses copying as a building block of creativity, rejecting an idea of newness.<sup>284</sup> This flawed test she thus argues has stifled creativity when it was aiming in fact for the contrary.<sup>285</sup>

 <sup>&</sup>lt;sup>279</sup> Coenraad Visser, 'The location of the parody defence in copyright law: some comparative perspectives'
 [2005] 38 The Comparative and International Law Journal of Southern Africa 321-343
 <sup>280</sup> Michael C. Alking 'Base J. F. Markova, C. Mark

<sup>&</sup>lt;sup>280</sup> Michael C. Albin, 'Beyond Fair Use: Putting Satire in Its Proper Place', [1985] 33 U.C.L.A. L. REV. 518

<sup>&</sup>lt;sup>281</sup> E. Scott Fruehwald, 'The Parody Fair Use Defense after Campbell' [1993] 18 VLA J.L. & Arts

<sup>&</sup>lt;sup>282</sup> Pierre N. Leval, 'Towards a Fair use standard' [1990] 103 Harv. L. Rev. 1105

<sup>&</sup>lt;sup>283</sup> Amy Adler, 'Fair Use and the Future of Art' [2016] 91 New York University Law Review

<sup>&</sup>lt;sup>284</sup> William F. Patry and Shira Perlmutter, 'Fair Use Misconstrued: Profit, Presumptions, and Parody', [1993] 11 CARDOZO ARTS & ENT. L.J. 667, 714-15

<sup>&</sup>lt;sup>285</sup> Susan L. Faaland, 'Parody and Fair Use: The Critical Question', [1981] 57 WASH. L. REV. 163

#### V. <u>CONCLUSION</u>

In a comparison of the statutes and the judicial pronouncements of the U.S. and India, an argument that springs out is that in the U.S., the judges have more freedom to assess "fair use" and possibly extend these factors to the ever-new areas of technology and copyright content. On the other hand, the Indian boundaries defined for "fair dealing" appear to slant towards the interests of the society and the common people. This being said, however, it appears that the US test may tend to ignore the commercial implications that fair dealing might have upon such use of a work. The balancing act, at least for the Indian legislation, appears to have been found in the conjoint application of the two. Indian courts have now, incorporated vide reference, the *Folsom v. Marsh* test, while adjudging, if fair dealing was in fact "fair" to the real commercial implications that the author suffers.

Though the courts have adapted the US approach from time to time in its decisions, it is noted that the overall defense of fair dealing available in India is yet to be examined, enlarged and defined. Given the fact that the tussle between the fundamental right of freedom of expression and copyright protection has been so intensely debated, it is highly unlikely that these issues would get resolved in the times to come. It can be expected that the unresolved issues that have been highlighted in the conflicting interpretations in the two jurisdictions may resurface. While, there has been a growing acceptance of parody works in several parts of the world, the idea of uninhibited right to indulge in parody certainly needs to be revisited. There should certainly be due recognition to the idea of freedom of expression. However, the need for deference for the copyright protection should not be left out of discussion.

The literature review has given a possible solution to resolve the conflict in the sense that numerous scholars have gone on length to explain the idea of creating a parody exception. However, such a solution is going to have monumental challenges as different jurisdictions have perceived this issue in an entirely different manner. The definitional challenge of parody is the most critical challenge in the way of creating a fair use exception within the domain of copyright law.<sup>286</sup> Another major challenge is going to be with regard to the balance between the rights of parodists and copyright owners.<sup>287</sup>

<sup>&</sup>lt;sup>286</sup> Wendy J. Gordon,' Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors', [1982] 30 J. COPYRIGHT Soc. 253, 282-83

<sup>&</sup>lt;sup>287</sup> Paul Goldstein, 'Derivative Rights and Derivative Works in Copyright' [1982] 30 J. COPYRIGHT L. Soc.209, 235

It is clear from the above discussion that the degree of conflicting views on this issue does not indicate a clear passage even in the near future. The competing interests appear to be equally strong hence, the idea of carving out a balanced normative framework remains an elusive one at best. Despite the numerous challenges flagged by parody exceptions, several legislative and judicial efforts have been made to strengthen it. However, it has also been argued that given the strong market position of parodies, there is a greater immunity even in those jurisdictions who have displayed hostile attitude towards parody music.



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Rethinking The Need For Defining 'Efficacy' In The Indian Patent Regime

Vasishtan P<sup>\*</sup> & Samhitha Reddy<sup>\*\*</sup>

# ABSTRACT

The verdict of the Novartis AG v. Union of India provided a big sigh of relief to the poor section of people as it eased them to afford to critical life saving drugs. This however, if looked at the standpoint of the corporations attempting to patent new drugs and models based on incremental inventions, the Judgment could add a lot of burden on their part to arriving at an increment and may deter their progress in the field of inventions because the Indian Patent Regime in Section 3(d) of the Indian Patent Act, 1970 does not define what Efficacy is. For this, the proviso is analyzed in depth and attempted to understand the secondary meaning it could convey.

The non-definition of efficacy and the drug manufacturers being put under the question of 'what is an increment/efficiency?' creates a gray area in the parameters of determining efficiency and solely vests the power to determine with the Patent General and the Courts. This paper analyses on the decision of Bayer and subsequently Novartis in an aspect that has neither been expressly explained in any theoretical writings on this issue, nor the referring judgments itself. The act of 'evergreening' attempted by the Corporations to extend their patents but as another documented shortcut is also highlighted.

This paper, 'rethinks' into the possibilities and predicts the pretext on account of the verdict as how the same would have created a positive impact in the Indian population and maybe, why that could have been the reason behind the Judgment itself in the first place.

<sup>\*</sup> VASISHTAN P, Technology Law and Policy Fellow, Daksha Fellowship.

<sup>\*\*</sup> SAMHITHA REDDY, M.Sc. (Human Rights), The London School of Economics, England.

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#### I. INTRODUCTION

'Efficacy' is an instrumental concept under Section 3(d) of the Indian Patents Act, 1970. It directly determines the patentability and also indirectly affects a few other provisions under some related regimes, e.g. Drugs (Control) Act, etc. Especially applicable to incremental innovations, the 'efficacy' factor forms the sub-stratum of tests (of patent-eligibility and Patentability) under Section 3(d). The criticality of the Efficacy factor can be gauged from Mueller's observation that the presence of this section renders the new Indian Patent Regime neither a 'Westernized Remedy' nor an 'unmitigated disaster for the Indian Public'

The paper takes a holistic approach to reason out the factors that the Court could have considered but not explicitly expressed behind the rationale of such a Judgement, presented in the views and the opinions of the authors.

#### II. <u>SECTION 3(d) OF THE PATENTS ACT</u>

3. What are not inventions. — (d) – "the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant. Explanation -For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy"

#### III. <u>UNDERSTANDING SECTION 3(d)</u>

On the careful reading of the entire provision, one thing becomes evident; this section disallows any new substance or invention that has been applied for patent, which is a mere improvement or development of any granted patent that is already existing in the market or has been duly used by the granted patent applicant. It is pertinent to understand with the given inclusion of certain substances of salts, ethers, esters etc., we can arrive at an inference that the prime concentration of this provision targets pharmaceutical drugs and drug related

patent applications. To understand why these criteria have been specifically formulated into this section, it is imperative to trace its history.

# IV. HISTORY

Section 3(d) was added only in the year 2005, vide The Patent (Amendment) Act, 2005. Until the addition of this provision, barring granting patents for mere improvements of known substances, any kind or subjects of technology consisting of drugs, chemicals, food and micro-organism-related applications were granted patents. There were hardly any strict regulations regarding such criteria to decide whether an application is genuine or not and whether the substance differs from any known substance or not.

# V. WHAT IS A KNOWN SUBSTANCE?

A known substance is any patent held by any individual or a company whose patent tenure is still active and is duly registered and authorized by the Controller.

## VI. HOW TO DIFFERENCIATE FROM A KNOWN SUBSTANCE?

As it is a decided rule that any new products that attempt to secure a patent cannot be a mere development or a mere discovery of a new form of a known substance, the only criteria that is required by the Patent Controller for new inventions is that the patent applicant show "efficacy" or in common parlance, 'efficiency' in their product to signify and prove that their invention is more advanced and not a simple improvement over the composition of a known or already-patented substance.

# VII. DIFFICULTY IN THE EXPLANATION OF WHAT IS EFFICACY

'Efficiency' to be simply defined is something that proves significant change in the compositional or structural integrity of such substance or the result that it will yield, from the known substance or already-patented subject.

However, the difficulty arises, when the question of defining 'efficiency' or 'efficacy' arises. The Indian Patent Regime has nowhere defined 'efficiency' or 'efficacy'. The term 'efficacy' is simply put in the Section 3(d). However, that is the sole strong criterion to verify any new application attempting for a grant of a patent and to prove a solid difference between it and a known substance proves to be challenging due to the lack of a clear-cut definition.

#### VIII. <u>THE NOVARTIS CASE</u>

In the famous Novartis Case<sup>288</sup>, a Sweden based company applied for a patent before the Chennai Patent Office for their drug named 'GLIVEC' which was their invention to counter the cancer cells which was the mere improved version of their own Anti-Leukaemia Drug in terms of chemical components and composition. The Assistant Controller Patent rejected the application citing Section 3(d), stating that the said application had failed to prove any efficacy and generate a much-improved position from any known substance. However, the Anti-Leukaemia drug was granted the patent with the same company. The new drug 'GLIVEC' was, however, rejected. The case was a long drawn out battle at the Madras High Court and was finally given the verdict in 2013.

Novartis challenged the entire provision stating that it was in direct contravention to the TRIPS Agreement and more importantly, it is not valid to reject their application on the grounds that there was a lack of proving 'efficacy' of the drug when the term efficacy itself is not expressly defined. Therefore, not having an explicit definition for 'efficacy' would mean that the entire power and authority to decide and determine what efficacy is would completely vest on the respective Patent Controller or their delegator, which was arbitrary in nature.

<sup>&</sup>lt;sup>288</sup> Novartis AG & Ors. .v. Union of India & Ors. AIR 2013 SC 1311.

The Madras High Court observed that if it comes to the test of efficiency or 'efficacy' in the field of the medicine, then it must be only therapeutic efficacy, which in simple words, would mean that the products' effect of the application on the targeted persons would show any significant form of improvement in therapy providing a remedy to such an ailment or heal the intended infection.

Finally, the Court did not award the decision in favour of Novartis, thus benefitting the Indian society to have unfettered access to generic medicines at affordable rates and prevent big pharma companies to patent such medicines and sell at high costs, thus causing a restriction of access of such drugs to many ailing people.

## IX. <u>CRITICAL ANALYSIS</u>

This entire section is an expression of what the researchers have perceived after thorough research on the battle to define 'efficacy' between the Pharma Companies and the High Court's or the Government's defiance to do the same. As the researchers has observed the design, implementation and the process of how Section 3(d) is handled both by the Controller of the Patent in determining new applications as well as the way in which the High Courts have handled such cases that have come before them on appeal, comprehend and deduce to the understanding that despite many disparagements and criticisms arising against the validity of Section 3(d) by various multinational Pharma Companies or other Governments backing their freedom to trade under Article 19(1)(g) or backing what was held in the TRIPS Agreement, to which, India was a signatory of, on the grounds of specific guidelines issued for determining incremental innovation and the TRIPS' guidelines asking its signatories to not go with stricter requirements for obtaining the patent against what the TRIPS agreement has given. The same was also put forth as a challenge by the Novartis in the Madras High Court Case.

Not just the present pharma companies that exist in India oppose Section 3(d), but also the United States of America's Government vide its Special 301 report dated 30<sup>th</sup> April, 2014 classified India as a "Priority Watch List Country". The Indian Ministry of Commerce and Industry defended the Indian Patent Regime stating that due to the nature of Section 3(d), disallowing evergreening of patents, has been a cause for concern to the US Pharma

Companies<sup>289</sup> (which indirectly hinted that the US Government, to subtly promote the US based pharma companies in other Countries, gave out such a Special Report).

But the ultimate question that arises is "Why the Indian Government and the Courts of India are trying so hard to defend Section 3(d) without defining the term 'efficacy' to simplify the patent process.

To understand this, we must first understand the other challenges arising as a result of the non-definition of the term 'efficacy'.

Efficiency is the key and sole factor for any new patent application to overcome Section 3(d)'s requirement and get approved to be a patent by the Controller of Patent in India.

There are certain measures that the Pharma Companies resort to, to extend their patent applications. The underlying reasoning is that they would be able to make more money and procure rights over their products. The longer such rights stay with them, the more money they are going to make as a result of the exclusivity of such products, as the time frame to hold a patent is only 20 years in India. If a company makes a lot of profit out of such a patent, it is reasonable to draw he inference that the companies would like to extend the profits and thereby aim to extend the duration of the patent through one way or another.

This is where the big companies might adopt the practice of finding another new invention or improvement to the existing substance and thereby, attempt to patent the same which, in essence, would help them retain the same benefits as the older patent, legally, having a new application at hand. To succeed in this, the companies would formulate new inventions that are based on the already-granted patent and show significant improvements over the old ones to contrast and differentiate the new application as a brand-new invention.

This is where the Madras High Court in the Novartis case ruled that 'therapeutic efficacy' is essential for the grant of patent by the Controller of Patent. The therapeutic efficiency would be the final criteria for the new invention. This proves to be a contrast to the older patented inventions when the effect of the application of the medicine is proven in the medicine's outcome to heal.

Thus, it is extremely difficult for the companies to show the same final output for a new medicine or a new drug while having almost similar base compositions with an existing patent application. This almost voids them from obtaining the Patent. Thus, by way of

<sup>&</sup>lt;sup>289</sup><u>https://pib.gov.in/newsite/printrelease.aspx?relid=107612</u> (Last Accessed on 04.11.2019).

indirect application of the term 'therapeutic efficacy', the Indian Patent Regime has denied the concept of evergreening of patents.

Another challenge is the Patent Linkage that the companies engage to battle and take advantage of, against the Indian Patent Regime. To understand Patent Linkage, we need to understand the two types of manufacturers namely, the

- i. The Original Manufacturer The one who originally invents and gets granted of the patent.
- The Generic Manufacturer The one who produces the same patented invention in their facility to exactly demonstrate the same, right from the base compounds to the final outcome of the effect of application of such a patented product.

Patent Linkage in simple words refers to the duty of the Patent Office of India and other National Level Authorities to prevent any form of approval of such generic companies with their products whilst the patent of the original manufacturers is still valid, that is, the 20 years tenure has not ended yet. Most commonly, the generic drugs are much cheaper and are widely available for access to the common public than the comparatively expensive and dealership based original manufacturers' products.

The reason why the companies continue their fight for India to validate patent linkage in India is because, they think the generic manufacturers would not commit to the highest quality of the drugs or components used to manufacture such goods, and if any one mishap happens with the generic manufacturers' products, their company would also suffer in the people's perception.

Another challenge is that of data exclusivity. It is a rule for the Patent Applicants to present and submit all the methods undergone in the process of manufacturing a said pharmaceutical drug that includes the data from the tests (both failed and succeeded) and the revision of successful tests using various trial and error data. These compilations of the data have to be submitted to the Indian Patent Office and the same will be published in the Journals as well to be available to the public.

Now the difficulty arises when there are other illegal or small level manufacturers or other manufacturers who would take this data available for the public, and generate and invent their own version of the drug to use it as a cheaper alternative of an existing expensive medicine, or invent some other drug based on the ideas gathered from the successful tests of the patented invention, and attempt to claim for a patent for the new invention.

The only hurdle for the new manufacturers would be to cross the 'efficacy' test and if they manage to show and prove therapeutic efficacy, then they would be granted the patent no matter where they gathered their primary data and the idea for the invention from.

The Bayer Case <sup>290</sup> discussed all of the above and affirmed that India does not have the patent linkage regulation. The Court also held that Section 122E of the Drugs and Cosmetics Rules, 1945 provided relief to certain extent for the original manufacturer to keep the data in private for a maximum of 4 years from the date of granting of the patent. Further the Delhi High Court also opined that if the case were to be awarded to Bayer, then it would legally mean and deem that all the products manufactured by the generic manufacturers would have to be forcefully called as "spurious drug" or in other words, false drug.

Of all these, what the researcher has deduced to the point of understanding, is that the Government or the Courts of India has left the term 'efficacy' from defining not because of lack of knowledge or to abstain from the pressure from the Big Pharma Companies.

Reading aforesaid scenario would reveal to the researcher that India is concerned about holding the provisions signed in the TRIPS Agreement to which, many other big countries are a signatory of, which include the Capitalist-centric countries as well, where, money is the prime player of every action or decision.

In a country like India where over 85 percent of people fall under the Below Poverty Line, the urgent need when an endemic disease spreads or to generally keep the health ratio of the people healthy, is to make available the drugs for such people at a cost that they could afford. The Government of India cannot indulge in any direct involvements to bring such drugs at affordable rates which will demand it to act in contravention of the TRIPS Agreement, but what the Government can do is that it can engage in drafting its policies while the Courts can issue suitable decisions in such a way, both which would maximize the benefit for the common people or the public at large. To keep the subjects of a country healthy, is the first sign of development, and India, given its position economically, has to overcome its challenge, rather not, make it complex.

Defining 'efficacy' would give rise to many further complexions at small and larger level and would result in clashing of many issues at one go, which will eventually cloud more difficulties. However, the public who are the consumers of the end product of these patents

<sup>&</sup>lt;sup>290</sup> Bayer Corporation and Others v Cipla, Union of India (UOI) and Others, 2009 (41) PTC 634 (DEL).

will again be the ultimate victims to these confusions. Therefore, refraining from precisely defining 'efficacy' would comparatively lead to lesser confusions and would also enable a case-to-case examination by vesting all the power to determine what would be efficacy, to the Controller of the Patent.

It is rather a battle of an ethical dilemma that the Government and the Courts of India have resorted, to save the public's larger interests in the best way possible and also, to satisfy their position of obligation to serve the public, in the best manner.

The researcher while observing all of these appreciates the Government and the Courts for handling this issue, this way, if everything is deemed right according to his observations.



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# STANDARD ESSENTIAL PATENTS AND INJUNCTION RELIEF

Aryan Puri<sup>\*</sup> & Sanya Rawlani<sup>\*\*</sup>

## ABSTRACT

Intellectual Property Rights are a relatively new concept in India. Innovation is one of the most important components of development and to encourage people to create more, it is vital to reward them accordingly. This is done by providing the owners with patents to their creations. To satisfy industry guidelines, Standard Essential Patent (SEP) is required to be followed. SEPs are used in electronic gadgets to ensure compatibility with one another. One a patent is acknowledged by the SSO and is utilized as SEP, it becomes unfeasible to manufacture products without procuring the license to SEP. SEP holders have an edge as they hold monopolistic right over the SEP. The licenses to use SEPs should comply with FRAND Terms to ensure that the interests of other manufacturers are protected and bargaining power is balanced. SEP jurisprudence came into play in India through the case of Micromax Informatics Limited v. Telefonaktiebolaget LM Ericsson. Major issues like patent holdup, royalty stacking and injunction relief followed SEP litigation. There were some cases where injunction relief was granted and some where it was denied. The United States of America and the European Union has a similar stance on granting injunction relief to patent holders. Through this paper, the authors seek to analyse the development of SEP jurisprudence in India, while providing a brief understanding of the stance of various countries on the subject.

<sup>&</sup>lt;sup>\*</sup> ARYAN PURI, 3<sup>rd</sup> Year BBALLB (H) student, MIT World Peace University, School of Law, Pune.

<sup>\*\*</sup> SANYA RAWLANI, 3rd Year BBALLB (H) student, MIT World Peace University, School of Law, Pune.

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## I. **INTRODUCTION**

Intellectual Property Rights have become increasingly important in today's day and age. The advent of the concept of protecting the Intellectual Property Rights of an individual has been pivotal to the acceleration to the development of a scientific temperament among individuals. Innovation is the stepping stone to development in any industry, and to encourage people to create more is of paramount importance to give them the fruits of their labour. This is carried out by providing the owners of the inventions with patents to their creations. A patent refers to an exclusive right granted for an invention. Getting a patent is how a person is able to protect their Intellectual Property Rights, and even further licence their patents to a third-party for a monetary consideration. Non-owners may get into negotiable agreements with the patent owners and use their work in accordance to these agreements. Some such patents are accepted by certain Standard Setting Organisations as Standards. Standardization is a practice that was made popular during the advent of industrialisation in the west. This happened so that everything becomes interoperable and compatible. The importance for standardization was seen when Apple stared using 'USB Type-C' chargers for their iPads, instead of their proprietary lightning port chargers that they use for the rest of their devices, their chargers are highly priced and are only compatible with only their products. Although Apple is creating its own technological ecosystem, they still had to submit to standardization. Further, even though their proprietary technology works flawlessly, the need for interoperability forced them to use USB Type–C chargers.

There are some patents that become standards in the industry that makes it mandatory for the others in the industry to manufacture their products according to the set standards. These set standards are registered in the form of Standard Essential Patents (SEP). The Washington District Court in *Microsoft Corp. v. Motorola Mobility, Inc.*<sup>291</sup> defined SEP, *as a given patent is essential to a standard if use of the standard requires infringement of the patent, even if acceptable alternatives of that patent could have been written into the standard. A patent is also essential if the patent only reads onto an optional portion of the standard. Thus, it is impossible to manufacture* 

<sup>&</sup>lt;sup>291</sup> Microsoft Corp. v. Motorola, Inc., 854 F. Supp. 2d 993, 103 U.S.P.Q.2d 1235 (2012).

standard-compliant products without using technologies covered by one or more SEPs.<sup>292</sup> These SEP owners often seek to hold a monopolistic position in the market and benefit from the dominant position they have in the market and this practice is contrary to the anti-trust laws of the country.

#### II. SEP, STANDARD, SSO AND FRAND

A SEP may be referred to as a patent that is required to be complied with to meet an industry standard. It becomes impossible to manufacture products that comply with the industry standards without infringing upon these patents<sup>293</sup>. This implies that to manufacture products like smartphones, tablets and other electronic devices the manufacturers have to use technologies that are a part of SEP. They are generally used in electronic devices so that all the devices are compatible with each other and are interoperable, and can participate in a common technology platform. For becoming SEPs, patents first need to be adopted by the Standard Setting Organisations as a patent that is essential to meet a required standard. These organisations are formed voluntarily and their main purpose is to standardize technology for the general benefit of consumers. These organisations require the patent holders to submit their technology to be registered as a standard. A Standard Setting Organization (SSO) is primarily engaged in activities such as developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise maintaining hundreds of thousands of standards applicable to a wide base of users outside the standards developing organization. It aims to generate the acceptance or proliferation of such new standards-based technologies, products or services.<sup>294</sup>

A standard refers to a document which provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose<sup>295</sup>. According to the *ISO/IEC Guide 2:2004 Standardization and related activities - General vocabulary*, the term

<sup>&</sup>lt;sup>292</sup> Id.

<sup>&</sup>lt;sup>293</sup> Microsoft Corp. v. Motorola, Inc., 116 U.S.P.Q.2d 1001 (2015).

<sup>&</sup>lt;sup>294</sup> Standard Setting Organization [SSO] Law and Legal Definition, USLEGAL.COM,

https://definitions.uslegal.com/s/standard-setting-organization-sso (last visited Dec. 1, 2020).

<sup>&</sup>lt;sup>295</sup> Kartikey Kulshrestha & Geethika M.A., FRAND-*Ship through SEP*, PL (Comp. L) February 2016, 64 at page 65.

'standard' is defined as a "document, established by consensus and approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context".<sup>296</sup> Furthermore, standards are considered to be an important way of promoting wide adoption of new technologies in the market place, in particular in, but not limited to, the field of information and communication technologies.<sup>297</sup>

Once a patent is recognised by the SSO and has been adopted as a SEP, it becomes impossible for manufactures to manufacture their products in the industry without obtaining the licence to the SEP. From an antitrust perspective, the SEP holder here obtains the monopolistic right over the SEP and over the production process in the industry due to lack of any alternative form of technology. Due to which the SEP holder is susceptible to misuse the monopolistic authority and engage in abusive practices. These practices include charging exorbitantly high prices for providing license or even refusal to provide licenses. In some cases, they ask for the Courts to provide them injunctions so that they get a competitive edge and they are the only people who benefit from the SEP, but *"sadly, our courts continue to dish out these problematic injunctions, with alarming alacrity."* 

To safeguard the interest of the other manufacturers and to take away the majority bargaining powers of the patent holders, the licenses to use the SEP are provided under FRAND Terms, an acronym for Fair, Reasonable and Non-Discriminatory Terms. A patent owner's failure to comply with a FRAND licensing commitment may provide a claim or defence to an accused infringer.<sup>299</sup> The essence of FRAND is that it is the product of a voluntary agreement among the participants, requiring them to make their patents available on FRAND Terms.<sup>300</sup> It becomes pertinent to note here

<sup>&</sup>lt;sup>296</sup> World Intellectual Property Organization Geneva, Standing Committee on The Law of Patents: Standards and Patents (February 18, 2009), https://www.wipo.int/edocs/mdocs/scp/en/scp\_13/scp\_13\_2.pdf.
<sup>297</sup> Id

<sup>&</sup>lt;sup>298</sup>Shamnad Basheer, *FRAND-Iy Injunctions from India: Has Ex ParteBecom the "Standard"*? SPICY IP, http://spicyip.com/2014/12/FRAND-Iy-injunctions-from-india-has-ex-parte-become-the-standard.html (last visited Dec. 1, 2020)

<sup>&</sup>lt;sup>299</sup> Glossary, F/RAND Licensing Commitment https://uk.practicallaw.thomsonreuters.com/8-557-

 $<sup>1849?</sup> origination {\tt Context=document \& transition {\tt Type=Document } tem \& context {\tt Data=(sc.Default) \& comp=pluk \& first {\tt Page=true}.}$ 

<sup>&</sup>lt;sup>300</sup>Herbert Hovenkamp, *FRAND and Antitrust*, 105 Cornell L. Rev. 1683, 1684 (2020)

that they are not statutory provisions but are contractual obligations that the patent holder can be held to as he has provided the license based on these terms. There are still many cases wherein the FRAND Terms are only loosely followed and this benefits the patent holders and such blatant abuse of a dominant position is violative of the Anti-Trust Laws of the country<sup>301</sup>. The patent holders still try to benefit from the recourse on injunction that is provide to them in case their SEP is being misused.

Patent owners often try to circumvent their FRAND obligations by trying to get injunctions for frivolous reasons. By doing this, they ostensibly scare the licensees to pay higher royalties. This is also referred to as 'Patent Hold up', where the patent owner, uses his dominant position to exploit other manufacturers. This practice is completely against the Competition Laws in the country. The Competition Commission of India, observed that *"Hold-up can subvert the competitive process of choosing among technologies and undermine the integrity of standard-setting activities. Ultimately, the High costs of such patents get transferred to the final consumers."<sup>302</sup>As the companies have to bear the higher costs of production, they charge it to the consumers by giving the same product at a higher cost. Patent owners also indulge in the practice of Royalty Stalking. They use it to layer royalty on each other to get a higher aggregate from the manufacturers. Even if a reasonable royalty is charged individually the accumulated amount will be unreasonably high, thereby making the end product too expensive for the consumers.<sup>303</sup>This is only possible owing to the high bargaining power of the patent owners.* 

#### III. <u>SEP JURISPRUDENCE IN INDIA</u>

SEP is newly born in India. It was first brought in through the case of *Micromax Informatics Limited v. Telefonaktiebolaget LM Ericsson.*<sup>304</sup> The differentiating objectives of Intellectual Property Rights and Competition Law in India portray an uncomfortable relationship. These two laws are put together to ensure that the rights

<sup>&</sup>lt;sup>301</sup> The Competition Act, 2002, §4.

<sup>&</sup>lt;sup>302</sup> Micromax Informatics Limited v. Telefonaktiebolaget LM Ericsson (Publ) 2013 SCC OnLine CCI 78 (2013) (India). [Hereinafter *Micromax*]

<sup>&</sup>lt;sup>303</sup>Neha Goyal, Anti-*Competitive Repercussions of the Standard Setting Process*, 3.1 JIPS. 67, 73 (2020).

<sup>&</sup>lt;sup>304</sup> *Micromax*, Supra Note 12.

are exercised for the purpose of promoting competition and making sure that benefits are enjoyed by consumers. This is exercised within the limits prescribed by law.

Micromax filed information under Section 19(1)(a) of the Competition Act, 2002, known to be the world's 12th largest mobile handset manufacturer in 2008 in India.<sup>305</sup> 400 out of 33,000 patents of Ericsson are granted in India.<sup>306</sup> It is known to be the largest holder of ' SEP s for mobile communication.<sup>307</sup>

Micromax claimed that Ericsson demanded unfair, discriminatory and exorbitant royalty for its patents concerning GSM (Global System for Mobile Communications) technology. Ericsson sent a notice to Micromax stating that essential GSM patents were being infringed by Micromax and a demand to secure the licenses of these patents under Fair, Reasonable, and Non-Discriminatory Terms (FRAND Terms)<sup>308</sup> was made. Micromax entered into a Non-Disclosure Agreement with Ericsson after being sent another notice demanding for the same and stated that Ericsson will put forth the activities of infringing the patents in front of Securities Exchange Board of India. Micromax, before the Competition Commission of India stated that Ericsson is abusing its dominant position by imposing extortionate royalties for SEPs after the High Court of Delhi passed an ad interim ex-parte order in favour of Ericsson. It also contended that the royalty charged was on the basis of the value of the phone and not on the basis of the cost of product. Due to this, royalty for use of same chipset in a smart phone is more than 10 times the royalty for ordinary phone, while the chipset gives no additional value to a smart phone, then it gives to an ordinary phone.<sup>309</sup>

The concept of standardisation and FRAND Terms were brought into the limelight through this case. It was explained that standardisation is the procedure of developing and executing technical standards and these standards are known to be SEP.

Major issues that follow SEP litigation are:

<sup>&</sup>lt;sup>305</sup> *Micromax*, Supra Note 12.

<sup>&</sup>lt;sup>306</sup> PTI, *Competition Comm to now probe Ericsson on Intex complaint*, THE ECONOMIC TIMES (Jan 17, 2014, 06:55 PM), https://economictimes.indiatimes.com/industry/telecom/competition-comm-to-now-probe-ericsson-on-intex-complaint/articleshow/28959924.cms.

<sup>&</sup>lt;sup>307</sup> *Micromax*, Supra Note 12.

<sup>&</sup>lt;sup>308</sup> Licensing on FRAND terms, ERICSSON,

https://www.ericsson.com/en/patents/FRAND#:~:text=FRAND%20%2D%20Fair%2C%20reasonable%2C%20an d,thereby%20lowering%20prices%20for%20consumers

<sup>&</sup>lt;sup>309</sup> *Micromax*, Supra Note 12.

- 1. Patent Holdup- After the adoption and establishment of a patent as a standard, certain standards and patented technologies that are incorporated in it get locked-in. SEP holder holds back the patented technology. The SEP holder either reduces to license or threatens to seek injunctions. Patent holdup eventuates due to extortionate royalties being charged by the SEP holder. SEP holder secures a higher position in the market and has the capacity to bargain as there are not many alternatives of the same technology available to the licensee. Instead of incurring the cost of switching and delaying the manufacturing process of the product the implementer agrees to pay the unreasonable amount of royalty demanded by the patentee.<sup>310</sup> Higher royalties are obtained in account of exploitation of the locked in position by the SEP holder. To prevent this, FRAND Terms are to be complied with that are constrained by SSO.
- 2. Royalty Stacking- To execute a standard, it is vital for a licensee to pay the royalties for the technologies that are patented in a standard. Royalties become unreasonably high after adding up the royalty amount for each technology in the standard. In this regard, an onerous situation occurs to manufacture the product. The end product produced will thereby be expensive due to the accumulated amount being unreasonably high. The CCI noted that "For the use of GSM chip in a phone costing Rs. 100, royalty would be Rs. 1.25 but if this GSM chip is used in a phone of Rs. 1000, royalty would be Rs. 12.5. Thus increase in the royalty for patent holder is without any contribution to the product of the licensee. Higher cost of a smartphone is due to various other software/technical facilities and applications provided bv the manufacturer/licensee for which he had to pay royalties/charges to other patent holders/patent developers. Charging of two different license fees per unit phone for use of the same technology prima facie is discriminatory and also reflects excessive pricing vis-a-vis high-cost phones."<sup>311</sup>
- 3. Threat of seeking injunction relief- Threat of injunction relief is a way through which the SEP holders can impose their terms and conditions on the

<sup>&</sup>lt;sup>310</sup> Colleen V. Chien, Holding Up and Holding Out, 21(1) Mich. Telecomm. & Tech. L. Rev., 1 (2014).

<sup>&</sup>lt;sup>311</sup> *Micromax*, Supra Note 12.

implementers. It compels the implementers to pay unreasonably high-rate royalties. The dominant position is thereby abused by the SEP holder and it creates anti-competitive environment, but the problem arises is that it cannot be barred completely. If injunction relief is barred completely, the infringers of SEPs might refuse to pay the royalties as there won't be any repercussions.

In this case, it was evident that Ericsson's activities were discriminatory and contrary to FRAND terms. The issues were raised before the High Court regarding infringement of IPR rights. Further, Ericsson had also claimed that the Competition Commission of India cannot entertain this matter. As per Section 3(5) of the Competition Act, 2002, Intellectual Property Rights of a person are protected subject to reasonable conditions. As per Section 4(1) of the Act, abuse of dominant position by an enterprise is prohibited. Section 4(2) of the Act states that imposition of unfair and discriminatory conditions in purchase or sale of goods or services amounted to an abuse of dominant position. Thus, the Commission has jurisdiction to look into the issues of competition law.<sup>312</sup>

#### IV. SUBSEQUENT CASES OF SEP LITIGATION IN INDIA.

# A. <u>TELEFONAKTIEBOLAGET LM ERICSSON V. INTEX</u> <u>TECHNOLOGY (INDIA) LIMITED</u>

In the case of *Telefonaktiebolaget LM Ericsson v. Intex Technology (India)*  $Limited^{313}$ , an injunction was issued by the Delhi High Court against Intex and Intex was ordered to pay the royalties to Ericsson.

Ericsson has filed an infringement suit against Intex stating that it had infringed eight SEPs. Ericsson claimed that Intex did not secure a license to Ericsson's portfolio whereas, Intex claimed that it had no knowledge of the said portfolio. It is pertinent to note that Ericsson had initiated proceedings before the Competition Commission of

<sup>&</sup>lt;sup>312</sup> Competition Commission of India, An Overview of the Competition Act, 2002, September 2004, https://www.cci.gov.in/sites/default/files/presentation\_document/5ahmed\_20sep04\_20080410185941.pdf?d ownload=1.

<sup>&</sup>lt;sup>313</sup> Telefonaktiebolaget LM Ericsson v. Intex Technology (India) Limited, 2015 SCC OnLine CCI 76 (India) [Hereinafter *Intex*]

India and Intellectual Property Appellate Board claiming that Intex had infringed the SEPs. An investigation was ordered by the Competition Commission of India. Intex objected to Ericsson's request for an injunction, emphasizing that the Indian Supreme Court had interpreted section 13(4) of the Patent Act to mean that 'no patent which is granted in India enjoys presumptive validity owing to the mere factum of grant', and that 'the validity of a patent must be established before the issue of infringement is considered by the Court. It was alleged that entire information was not disclosed by Ericsson that violates Section 8 of the Patent Act.<sup>314</sup>

Intex avoided to execute FRAND agreement and also infringed patents. Intex was trapped due to its contrary activities. It was held that statutory and monopoly rights can't be brought down to nullify till the suit patents are valid. Ericsson was entitled to injunction in this case. As regard irreparable loss and injury is concerned, in case the FRAND agreement is not signed by the defendant or royalty is not paid, it would have impact of other 100 licensors who are well known companies in the world who are paying the royalty. The plaintiff would suffer irreparable loss and injury in case the arguments of the defendant are accepted.

# B. <u>BEST IT WORLD (INDIA) PRIVATE LIMITED (IBALL) V.</u> <u>TELEFONAKTIEBOLAGET L.M. ERICSSON (PUBL) AND</u> <u>ERICSSON INDIA PRIVATE LIMITED</u>

November 2010, an Indian IT and Electronics Company under the name of 'iBall' entered the mobile market. This company is incorporated under the Companies Act, 1956. In this case,<sup>315</sup> Best IT World (India) Private Limited (hereinafter iBall), filed a complaint under Section 19(1)(a) of the Competition Act, 2002. The complaint is filed against Telefonaktiebolaget LM Ericsson and Ericsson India Private Limited. iBall claimed that Ericsson sent a letter stating that it has infringed certain patents of Ericsson. These patents were directly related to iBall's Global System of Mobile Communications and/or Wideband Code Division Multiple Access. The willingness to enter into a global patent licensing arrangement was expressed by iBall and asked Ericsson to disclose the patents that have been infringed, but Ericsson did not disclose

<sup>&</sup>lt;sup>314</sup> J. Gregory Sidak, *FRAND in India: The Delhi High Court's emerging jurisprudence on royalties for standard-essential patents*, 10.8 JIPLP. 609, 609-618 (2015).

<sup>&</sup>lt;sup>315</sup>Best IT World (India) Private Limited (iBall) v. Telefonaktiebolaget L.M. Ericsson (Publ) and Ericsson India Private Limited, 2015 SCC OnLine CCI 76 (2015) (India)

any information. Instead, Ericsson asked iBall to enter into a non-disclosure agreement before moving ahead with the matter.

It was claimed by iBall that very strict conditions were imposed by Ericsson. Even after multiple requests to impose lenient terms, Ericsson did not agree. Therefore, due to the threat of patent infringement suit, iBall was forced into a Non-Disclosure Agreement with strict terms and conditions. Ericsson demanded very high and unreasonable royalties. These were not in correspondence with the cost of the patented technology and hence, this violated Section 4 of the Competition Act, 2002.

The decision of the Competition Commission of India was similar to the decision in the case of Micromax<sup>316</sup> and held that, Ericsson charged high and unreasonable amount of royalties. The royalties were charged on the cost of manufactured product rather being charged on the functionality of the patented product. These activities were not only discriminatory, but also contrary to the FRAND Terms. Charging of two different license fees per phone for use of the same technology appeared to be discriminatory. By making iBall execute a Non-Disclosure Agreement, FRAND Terms are contradicted. Further, imposing extortionate royalties and compelling iBall to execute a Non-Disclosure Agreement leads to abuse of dominance violating Section 4 of the Competition Act, 2002.<sup>317</sup>

# C. <u>TELEFONAKTIEBOLAGET LM ERICSSON (PUBL) V. XIAOMI</u> <u>TECHNOLOGY & ORS.</u>

Xiaomi Technology Company Limited was sued by Ericsson in Delhi High Court in December 2014. The company was sued for infringement of its eight patents essential to the 2G and 3G standards registered in India.<sup>318</sup> Ericsson had asked Xiaomi to acquire a license from Ericsson for its SEPs; be that as it may, Xiaomi launched the encroaching products without acquiring a license in India in 2014. Xiaomi was in the crosshairs, just like Micromax<sup>319</sup> and Intex.<sup>320</sup> It was additionally contended by Ericsson that Xiaomi had extended its activities in India by making an Indian

<sup>&</sup>lt;sup>316</sup>*Micromax*, Supra Note 12.

<sup>&</sup>lt;sup>317</sup>Supra Note 11.

<sup>&</sup>lt;sup>318</sup>Telefonaktiebolaget Lm Ericsson (Publ) v. Xiaomi Technology & Ors., 2016 SCC OnLine Del 2404. (2016) (India).

<sup>&</sup>lt;sup>319</sup>*Micromax,* Supra Note 12.

<sup>&</sup>lt;sup>320</sup>*Intex,* Supra Note 23.

subsidiary to showcase the products that were infringed. It was contended by Xiaomi that Flipkart Internet Private Limited and Xiaomi had entered into an exclusive agreement. Flipkart Internet Private Limited markets and sells products produced by Xiaomi in India. An interim injunction was passed by the Delhi High that stopped the Chinese smartphone company from selling, importing or advertising its products in India. It was particularly directed to the customs authority not to permit Xiaomi's products in India. Xiaomi and Flipkart were asked to stop selling smartphones in India by the Delhi High Court. Xiaomi contended that Ericsson's patented technology, the chipset, was acquired from Qualcomm Incorporated, which thusly had authorized it from Ericsson. A division bench of the Delhi High Court permitted Xiaomi to sell and import the devices that contained the chipsets offered to Xiaomi by Qualcomm only as an impermanent measure. At the same time, a deposit of INR 100 per device imported was asked to be made to the Registrar General of the Delhi High Court. No royalty rates were decided by the Court that were to be paid by Xiaomi to Ericsson in contrast to the arguments against Intex and Micromax.

On Friday, April 22, 2016, the Court agreed with Xiaomi that Ericsson had concealed relevant information pertaining to two of its 3G patents (IN229632 and IN240471), and vacated the first order as it related to these two patents. It stated, "*The ground of concealment as urged by the applicants needs to be accepted to the extent of the two patents relating to CDMA applications. Accordingly, the interim order dated December 8, 2014 in so far as it relates to two patents IN229632, IN240471 (3G patents) is vacated.*"<sup>321</sup>

As injunction is an equitable relief, the entire order should have been vacated. In the event that Xiaomi paid Qualcomm, Qualcomm paid Ericsson, Ericsson cannot claim from Xiaomi again as Qualcomm is already paying Ericsson. The conceivable abuse of NDAs to jumble data, is mirrored. Additionally, in light of the fact that Qualcomm is a chipset supplier, a major hole is poked into a few speculations.

<sup>&</sup>lt;sup>321</sup> Supra Note 28.

# D. <u>KONINKLIJKE PHILIPS ELECTRONICS N. V. V. RAJESH BANSAL,</u> <u>SOLE PROPRIETOR, MANGLAM TECHNOLOGY AND</u> <u>ANOTHER<sup>322</sup></u>

Close to 12 months after it was held by the Delhi High Court, the first post-trial judgement was issued on July 12, 2018 by an Indian Court in a Standard Essential Patent related suit. In this case, a positive finding was conveyed by Ms. Justice Mukta Gupta with respect to the 'essentiality' of Philips' patent, and held that the defendants, local manufacturers, in manufacturing standard-compliant DVD players were infringing the patent.

In 1995, the Plaintiff registered a patent (No. 184753). It related to a "Decoding Device for converting a Modulated Signal to a series of M-Bit Information Words". Defendants, Indian producers, imported DVD player components and amassed them in India. It was contended by the Plaintiff that the DVD players produced by the Defendants utilize 'decoders' that were particularly implied for decoding contents put away on optical storage media as per the methods described in IN-184753, consequently infringing the suit patent. The DVD principles being referred to are the DVD Video Standard and the DVD ROM Standard made by the DVD Forum, and therefore embraced by the ISO and ECMA. Eight issues were raised to be decided by the Court.

The main challenge of defendants was that royalty rates are not in compliance with FRAND terms. As verified in alternatives given by the Plaintiffs to the Defendants vide its letter, the Defendants could take joint licenses and regardless of infringement, the Plaintiff had sought royalty at FRAND rates being USD 3.175. Plaintiff had claimed that Defendants had already agreed to pay license fee of Rs. 45 per DVD player. It was an interim arrangement between parties without prejudice to their rights and contentions, hence any amount noted therein cannot be said to be amount fixed based in evidence led by parties. Further, reasonable royalties for standard essential patents are not only in terms of FRAND but also incremental benefit derived from invention. It was held that Defendants are required to pay royalty to Plaintiff at USD 3.175 from of institution of suits. Finally, the Court reproduced at length the law on

<sup>&</sup>lt;sup>322</sup> Koninklijke Philips Electronics N. V. v Rajesh Bansal, Sole Proprietor, Manglam Technology and another, 2018 Indlaw DEL 1942. (1942) (India)

punitive damages, as established in Hindustan Unilever, and expounded on the importance of not being arbitrary in the award of damages, then immediately proceeded to award an arbitrary Rs. 5 lakhs in punitive damages without taking into account any of the principles reproduced by it.

The decision by the Delhi High Court's is positively a significant milestone in SEP prosecution in India. Nonetheless, the absence of investigation by the Court on significant regions implies that it is bound to have a famous inheritance, and perhaps subject to challenge in allure on any of the above grounds.

#### V. INTERNATIONAL POSITION

#### A. UNITED STATES OF AMERICA

The US was one of the first countries to realise the ill effects of granting injunction relief to the patent holders. The Sherman Antitrust Act of 1890 is the anti-trust Law in the US. At first, the Federal District Courts were under the mandatory imposition from the Federal Circuit Courts to grant injunctions to the Patent holders. Whereas the US. Supreme Court in the Case of *eBay Inc.* v. *Merc Exchange*<sup>323</sup>, provided a 4-point test to determine where an injunctive relief can be granted. The plaintiff has to prove that, all the four points as provided in the above case are met in order receive injunctive relief on equitable grounds. The 4-Factor test is as follows.

"1. that it has suffered an irreparable injury;

2. that remedies available at law, such as monetary damages, are inadequate to compensate for that injury;

3. that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and

4. that the public interest would not be disserved by a permanent injunction."<sup>324</sup>

<sup>&</sup>lt;sup>323</sup> Ebay Inc. et al. Versus Merc exchange, L.L.C, 2006 SCC OnLine US SC 42 (2006) (India). [Hereinafter *Ebay*] <sup>324</sup> *Ebay*, Supra Note 33.

Even after employing the four-fold test, the Court in the case of Apple v.  $Motorola^{325}$ , found that it is difficult for the plaintiffs to establish irreparable harm.

It is pertinent to note here that making laws that make it easy for the patent holders seek injunctions would establish a monopoly, but at the same time it is important to strike a balance and not make it impossible for them to seek injunctions as it would only end up depriving them of their rights on their own intellectual property.

Moreover, the United States' Supreme Court, in the case of eBay Inc. et al. v. Mercexchange, L.L.C.<sup>326</sup> held that injunctions may not always be in Public Interest.<sup>327</sup>The US courts have taken an increasingly progressive approach towards tackling this. They have held that injunctions will not be granted unless the infringer outright refuses to accept a FRAND licence. The US federal trade commissions have also taken actions against the anti-competitive actions of the SEP holders and in some cases have made them comply with the FRAND terms as in the case of Motorola Mobility Inc. and Google Inc<sup>328</sup> in their agreements with the FTC have agreed not to seek from injunctions unless the licensees do not follow FRAND Terms.

Although, in the US, if a licensee, aggressively tries to stall any negotiation effect, they risk getting an injunction. In the case of *Apple v. Motorola*<sup>329</sup>, the Federal Circuit held that, "an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect." Further, in the case of, *Microsoft Corp. v. Motorola, Inc.*<sup>330</sup> the defendants obtained an injunction in Germany and was enforcing it in the US. The court in this case held that, they couldn't enforce the injunction obtained in another country, and awarded the plaintiffs \$14.52 million in damages after finding that defendant had breached its FRAND obligations.

<sup>&</sup>lt;sup>325</sup>Apple Inc. v. Motorola, Inc, Fed. Cir. Apr. 25, (2014). [Hereinafter *Apple*]

<sup>&</sup>lt;sup>326</sup>*Ebay,* Supra Note 33.

<sup>&</sup>lt;sup>327</sup>*Ebay,* Supra Note 33.

<sup>&</sup>lt;sup>328</sup>In the Matter of Motorola Mobility Inc. and Google Inc, Docket No. C-4410, 8.

<sup>&</sup>lt;sup>329</sup>Apple, Supra Note 35

<sup>&</sup>lt;sup>330</sup>*Microsoft Corp. v. Motorola, Inc.*, CASE NO. C10-1823JLR (W.D. Wash. Aug. 5, 2013).

In 2015, the US Court of Appeals for the Federal Circuit decided *Commonwealth Science and Industry Research Organisation (CSIRO ) v. Cisco Systems*,<sup>331</sup> held that the to determine whether the royalty paid is excessive, the cumulative royalty amount paid by the implementer must be proven, and the implementer may not rely on mere allegations of royalty stacking, or the qualitative assertions of the value of inventions. This decision of the court was consistent with the court's decision in the case of Ericsson v. D-Link<sup>332</sup>, where the court held that the cases of Patent hold up must be proved with substantial evidence, or by using scientific facts, instead of being based on general probability.

#### B. EUROPEAN UNION

The European Union has a similar stance as the United states on granting injunction relief to patent holders, who seek for it even when the licensees, agree to the FRAND terms. The European Courts have opined that the licensees who agree on FRAND Terms are to be given the upper hand while the patent holders seek injunctions.<sup>333</sup> The Jurisprudence under for seeking injections in the EU has been established by the *Huawei v. ZTE*<sup>334</sup> case which was decided by the Court of Justice of the European Union. In this case, the CJEU has established some obligations that apply to both the parties in the case of litigations with respect to SEP. The Courts seek to provide injunction relief to the aggrieved party without being in violation of the Article  $120^{335}$  of the Treaty on the Functioning of the European Union.

Such abuse may, in particular, consist in:

<sup>&</sup>lt;sup>331</sup>Commonwealth Science and Industry Research Organisation (CSIRO ) v. Cisco Systems, No. 15-1066 (Fed. Cir. 2015)

<sup>&</sup>lt;sup>332</sup>Ericsson, Inc. v. D-Link Systems, Inc., Nos. 13-1625, -1631, -1632, -1633 (Fed. Cir. Dec. 4, 2014)

<sup>&</sup>lt;sup>333</sup>Fairfield Resources International, Review of Patents Declared as Essential to LTE and SAE (4G Wireless Standards) (January 6, 2010), http://www.frlicense.com/LTE%20Final%20Report.pdf.

<sup>&</sup>lt;sup>334</sup>Huawei Technologies Co. Ltd. v. ZTE Corp., ZTE Deutschland GmbH, Case C-170/13. [Hereinafter *Huawei*] <sup>335</sup> Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States.

<sup>(</sup>a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;

<sup>(</sup>b) limiting production, markets or technical development to the prejudice of consumers;

<sup>(</sup>c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

<sup>(</sup>d) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

The Court interpreted Article 102 of the TFEU as any proprietor holding the licensing rights to a SEP must not abuse his dominant position, and must provide licenses to the others on Fair, Reasonable, and Non-Discriminatory Terms. In case, either of the parties violate the FRAND Terms, or do any actions that are not in good faith, or violates the regional commercial practices, then injunctive relief will be granted.<sup>336</sup>The Courts also stated that, before coming to the Courts, the SEP holder must first alert the potential licensee of the infringement and must present him with the FRAND Terms. However, in case the negotiations between the Potential licensee and the patent holder fails, the licensee may approach the court, to fix a FRAND rate.<sup>337</sup> The Court's approach was that "the irrevocable offer to grant licenses on FRAND terms cannot "negate the substance of [those] rights", but that "it does, none the less, justify the imposition on that proprietor of an obligation to comply with specific requirements when bringing actions against alleged infringers for a prohibitory injunction or for the recall of products" the judgement then focused on 'those specific requirements' and gave certain guidelines on what steps the owner of the FRAND encumbered patent should take before seeking injunctive relief. It is also pertinent to note here that, even though the EU looks adversely upon using anti-competitive measures such as injunctions, there are members in the European Union such as Germany, whose pro-patent owner Laws not only influence the SEP status in Germany, but also the SEP landscape all over the world.<sup>338</sup>

## VI. <u>CONCLUSION</u>

India, a developing country, is advancing by introducing schemes to make significant changes. It is pertinent to include producers, manufacturers and customers in this race correspondingly. It is significant that standard technology and licenses should be guaranteed to producers, manufacturers, and customers that are normally possessed by worldwide companies.

<sup>&</sup>lt;sup>336</sup> Huawei, Supra Note 44

<sup>&</sup>lt;sup>337</sup> Huawei at [103], Supra Note 44

<sup>&</sup>lt;sup>338</sup> Erik R. Puknys & Michelle (Yongyuan) Rice, *German FRAND Decision May Shape Global SEP Landscape*, FINNEGAN (Aug 25, 2020), https://www.finnegan.com/en/insights/articles/german-frand-decision-may-shapeglobal-sep-landscape.html.

Since the licensee cannot decide to implement another innovation, SEP licensing is inclined towards the licensors. By permitting SEP holders to limit access to technology and innovation, potential licensees are compelled to accept unfair, discriminatory, and unreasonable terms dictated by the SEP holders. To ensure that India attains a place in technological revolution and benefits from it, fair admittance to SEP related technology should be guaranteed. This can be achieved by active participation in standard licensing and other related programs. Better exchanges with SEP holders should be boosted. Considering liberal orders, slants the cycle towards the SEP holder further and furthermore subverts the commitments that the SEP holder embraces. It is pertinent to note that once the SEP holders start granting licenses on FRAND Terms, injunctions will be allowed when the potential licensees won't be willing to give consent and agree with the FRAND Terms. Totally eliminating the power of SEP holders to seek injunctions is not a viable solution. Without a little fear, the licensees are not expected to agree with anything the SEP holders have to offer. It has been seen in many cases where injunctions have been granted considering that negotiation can take place. If power is granted, it should be approached fairly. No undue advantage shall be taken of such injunctions. While injunctions are granted, Courts have not considered the bargaining power from both the sides. A problem occurs thereby since even one minor abusive strategy of the SEP holder might hinder the negotiations. Therefore, the explanation on the interplay between the Competition Law and Patent Law is of massive significance to bring consistency in SEP litigation.

Patent issues are perplexing, and injunctions ought not be the standard. In the ordinary course of piling up of compensation for patents that are not hampered by the FRAND terms, it is suggested that the patent holders shall prove such an infringement on a claim by claim basis on every patent and over the span of such a declaration withstand difficulties. When this limit is met, for example the patent is end up being legitimate and infringed, only at that time the request shall be directed for harms. This shall indeed be done on a patent-by-patent premise.



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# NON-CONVENTIONAL TRADEMARKS IN INDIA: THE WHAT, THE WHY AND THE HOW

Rachna R. Kurup<sup>\*</sup> & Nimita Aksa Pradeep<sup>\*\*</sup>

# **ABSTRACT**

Due to the cut-throat competition prevalent in the market today, companies and corporates are often forced to spend a huge chunk of their resources, financial and otherwise, on developing their goodwill and brand image. They often spend considerable amount of time and effort in distinguishing their products from those of their competitors and also try their level-best to make their goods and services stand out. Consumers, nowadays, hence recognise products and brands and buy accordingly. The scent, colour, shape, sound, etc. of goods and services thus play an important role in product recognition in present-day society. In such a scenario, there are increased chances of trademark infringement, passing off, deception, etc. which is highly likely to negatively impact businesses and their reputation. This is where unconventional trademarks come into the picture. However, unconventional marks are a relatively new concept in India and thus there is a dearth of legal jurisprudence in this regard. Also, despite the existence of the TRIPS agreement and other such international conventions and treaties, trademark laws are not uniform and hence differ from jurisdiction to jurisdiction. In addition to this, not all types of unconventional trademarks have received adequate legal acceptance in India and the world over. This paper hence mainly focuses on examining the legal status of unconventional trademarks in developed countries such as the European Union and the United States, analysing the position of such marks in India and thereafter arriving at suitable suggestions and recommendations as to how the current legal scenario in India with regard to unconventional marks can be further improved. The paper also seeks to understand more about unconventional marks by throwing light upon their evolution, classification, etc.

<sup>&</sup>lt;sup>\*</sup> RACHNA R KURUP, 3<sup>rd</sup> Year BBALLB(H) Student, Symbiosis Law School, Hyderabad.

<sup>\*\*</sup>NIMITA AKSA PRADEEP, 3<sup>rd</sup> Year BBALLB(H) Student, Symbiosis Law School, Hyderabad.

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## I. <u>INTRODUCTION</u>

Trademark law is one of the most intriguing topics under the realm of intellectual property and there have been so many developments in this particular area of law recently. A trademark is basically an intellectual property that helps consumers identify a particular brand, service or goods in the market.<sup>339</sup> It protects the manufacturer or proprietor of the goods from unlawful imitation of the product and preserves the interest of the consumers as well as helps avoid unwanted confusion.<sup>340</sup> Generally, trademark protection is given to traditional marks like logos, symbols, images, captions, signs, names, etc. but due to the aggressive and ever-increasing competition between manufactures of physical commodities nowadays, it has become extremely important for them to stand out in the commercial market. <sup>341</sup> Thus, brands have become more creative and adopted new non-conventional trademarks for identification of their products in the market.

Non-conventional or non-traditional trademarks are basically marks that are not included in the traditional set of marks and hence include touch, smell, colour, shape, texture, sound, taste etc.<sup>342</sup> Usually, trademark protection is given only to marks which can be graphically represented, yet non-conventional trademarks are registered and given protection due to the ability of these marks to create a particular level of identification in the minds of consumers.<sup>343</sup> The registration and protection of trademarks is governed by the TRIPS agreement and as far as the agreement is concerned, a trademark should be able to perform its primary functions and it is not mandatory for a trademark to be tangible, visually perceptible or graphically representable.<sup>344</sup> Therefore, registration of non-conventional trademarks, especially sound, has become very common in US and EU.

As per the Indian Trade Marks Act, 1999, registration of trademarks is only possible if it has the ability to distinguish itself from other products and has the capability to be graphically

<sup>&</sup>lt;sup>339</sup>Vatsala Sahay, <u>Conventionalising Trademarks of Sounds and Scents: A Cross-Jurisdictional Study</u>, 6 NALSAR Student Law Review 128, 128-141 (2011).

<sup>&</sup>lt;sup>340</sup>Tanusree Roy, <u>Registrability of Smell Mark as Trademark: A Critical Analysis</u>, 4 Journal on Contemporary Issues of Law 121, 121-130 (2018).

<sup>&</sup>lt;sup>341</sup>Sanya Kapoor & Riya Gupta, <u>The Five Senses and Non-Traditional Trademarks</u>, 8 Supremo Amicus 214, 214-231 (2015).

<sup>&</sup>lt;sup>342</sup>David Vaver, <u>Unconventional and Well-Known Trade Marks</u>, Singapore Journal of Legal Studies 1, 1-19 (2005).

<sup>&</sup>lt;sup>343</sup>Faye M. Hammersley, <u>The Smell of Success: Trade Dress Protection for Scent Marks</u>, 2 Intellectual Property Law Review 105, 105-156 (1998).

<sup>&</sup>lt;sup>344</sup>Dr. Mwirigi K. Charles & T. Sowmya Krishnan, <u>Registrability of Non-Conventional Trademarks: A Critical</u> <u>Analysis</u>, 6 International Journal of Research and Analytical Reviews 914, 914-923 (2019).

represented.<sup>345</sup> In the case of non-conventional trademarks, though they perform the primary function of a trademark, the registration is so far a difficult procedure in the country mainly due to its distinctiveness criterion and its lack of ability to be graphically represented.<sup>346</sup> There are also chances that these marks can give rise to confusion among the consumers, thus defeating the very purpose of trademarks.<sup>347</sup> However, non-conventional trademarks is still a developing concept in India and there has been a lot of debate and discussion whether it can be considered as a trademark in the absence of its ability to be graphically represented.<sup>348</sup> The article mainly tries to throw light upon the position of protection and registration of non-conventional trademarks in India and also tries to highlight the complexities and technicalities involved in the protection of non-conventional trademarks by analysing the position of this concept cross-jurisdictionally.

#### II. <u>LITERATURE REVIEW</u>

Vatsala Sahay in "Conventionalising Trademarks of Sounds and Scents: A Cross-Jurisdictional Study"<sup>349</sup> examines the status of unconventional trademarks such as sound, scent and shape in three different jurisdictions: EU, US and India. From this article, it can be understood that the United States adopted a rather liberal approach whereas the European adopted a rather cautious approach and India, being a former British colony, basically just followed the example that had been set by the European Union with regard to the registration and application of non-conventional trademarks.

Dev Gangjee in "Non-Conventional Trade Marks in India"<sup>350</sup> focuses on three main aspects: the functional definition of the term 'trademark', graphical representation and other such procedural requirements for the registration and application of such marks in India and the outer limits of the said definition, i.e., what all can be brought under the ambit of the

<sup>&</sup>lt;sup>345</sup>Section 2, Trade Marks Act, 1999.

<sup>&</sup>lt;sup>346</sup>Supra 3.

<sup>&</sup>lt;sup>347</sup>Arka Majumdar, Subhojit Sadha & Sunandan Mujumdar, <u>The Requirement of Graphical Representation for</u> <u>Non-Conventional Trademarks</u>, 11 Journal of Intellectual Property Rights (2006). <sup>348</sup>Sudipta Bhattacharjee & Ganesh Rao, <u>The Broadening Horizons of Trademark Law - Registrability of Smell</u>,

Sudipta Bhattacharjee & Ganesh Rao, <u>The Broadening Horizons of Trademark Law - Registrability of Smell</u>, <u>Sports Merchandise and Building Designs as Trademarks</u>, 10 Journal of Intellectual Property Rights 119, 119-126 (2005).

<sup>&</sup>lt;sup>349</sup>Vatsala Sahay, <u>Conventionalising Trademarks of Sounds and Scents: A Cross-Jurisdictional Study</u>, 6 NALSAR Student Law Review 128, 128-141 (2011).

<sup>&</sup>lt;sup>350</sup>Dev Gangjee, <u>Non-Conventional Trade Marks in India</u>, 22 National Law School of India Review 67, 67-96 (2010).
term. With respect to the requirement for graphical representation, the article draws attention to the difficulty that is faced by firms in representing sound, scent or texture marks on paper using words, drawings, etc. The paper also explains the Seickmann criteria and its corresponding provisions in the Draft Manual of Trade Marks Practice and Procedure along with the Shield Mark case in an attempt to explain the graphical representation requirement in a better manner.

Tanushree Roy in "**Registrability of Smell Mark as Trademark: A Critical Analysis**"<sup>351</sup>, mainly focus on three main areas, the importance of smell mark in the global scenario as well as its position in countries like U.S, EU, Australia, New Zealand and India, the advantages as well as the disadvantages that is associated with the registrability of smell mark as trademark and a very crisp critical analysis on the smell mark according to the information obtained to the author through the research conducted by her. Along with his, the author also discuss about the challenges that is associated with the registration of smell mark in the present times.

Kuruvila M Jacob and Nidhi Kulkarni in "Non-Conventional Trademark: Has India Secured an Equal Footing"<sup>352</sup> first and foremost chalk out the problems such as 'piracy', 'plagiarism' and 'intellectual theft' that would result if trademarks were not granted to inventors and creators of intellectual property. They also draw attention to the objective behind the granting of trademark status, i.e., protection of innovative capabilities and stifling of anti-competitive tendencies. In addition to this, they discuss the evolution and types of unconventional trademarks and the legal position of these marks in India placing special emphasis on graphical representation. They also attempt to throw light on the vague definitions provided in domestic legislations such as the Trade Mark Rules, 2017.

Riya Gupta and Sanya Kapoor in "**The Five Senses and Non-Traditional Trademark**"<sup>353</sup> puts light upon the registrability of non- conventional marks and their relevance in our commercial markets. The author mainly gives emphasise upon the situation in India and the changing perspective towards the non-conventional trademark in different places. The paper also focus upon the need to bring immediate changes in the existing law and provides some suggestions for a better enforcement of non- conventional trademarks.

<sup>&</sup>lt;sup>351</sup> Supra 2

<sup>&</sup>lt;sup>352</sup>Kuruvila M Jacob & Nidhi Kulkarni, <u>Non-Conventional Trademark: Has India Secured an Equal Footing</u>, Indian Journal of Intellectual Property of Law 47, 47-72 (2018).

<sup>353</sup> Supra 3

## III. TYPES OF UNCONVENTIONAL TRADEMARKS

### A. Smell Trademarks/Olfactory Trademarks

Smell is one of the most powerful senses of human beings, which has the ability to recollect past experience effortlessly. Though many countries have accepted the registration and protection of the smell of products as trademarks, the registration still continues to be a difficult process due to its inability to be graphically represented and the herculean task required to shows its distinctiveness from the product.<sup>354</sup> In many cases, the smell has been illustrated by writing down the chemical formula of the substance. However, there are companies that completed all the required tests successfully and registered smell as their trademark. For instance, the scent of roses of a UK tyre company, smell of beer in the dart flights of a London- based company are famous examples of smell trademarks.<sup>355</sup>

### B. Taste Trademarks

The illustration of taste mark is considered to be one of the most difficult and challenging when compared to other non-conventional trademarks, but some countries have accommodated the registration of flavour as a trademark to identify products in the commercial market.<sup>356</sup> Generally, the illustration of taste mark is made by providing a written explanation of the taste. Just like smell mark, it is mandatory that the taste mark should be distinctive from the inherent function performed by the product.<sup>357</sup> However, there are a lot of debates and discussions on the registration of taste as trademarks for services.

### C. Motion Trademarks/Movement Trademarks

Few countries accept the trademark registration of moving pictures, videos, cinematography, video clips of documentaries or films, etc.<sup>358</sup> Famous motion trademarks include the 20<sup>th</sup> Century Fox Movies, Columbia Pictures, Microsoft Windows logo that appears when we

<sup>&</sup>lt;sup>354</sup>Smell, Sound and Taste-Getting a Sense of Non-Traditional Marks, WIPO (Aug 29, 2020, 8:12 PM), <u>http://www.wipo.int/wipo\_magazine/en/2009/01/article\_0003.html, last seen on 10/11/2016</u>.
<sup>355</sup>Id.

 <sup>&</sup>lt;sup>356</sup>Thomas A. Gallagher, <u>Non-Traditional Trademarks: Taste/Flavour</u>, The Trademark Reporter (Aug 29, 2020, 8:20 PM), <u>http://www.inta.org/TMR/Documents/Volume%20105/vol105\_No3\_a4.pdf</u>.
 <sup>357</sup>Id.

<sup>&</sup>lt;sup>358</sup>Archi Bhatia, <u>Registration of Motion as Trademark</u>, iPleaders (Aug 29, 2020, 8:30 PM), <u>https://blog.ipleaders.in/motion-mark-as-trademark/</u>.

open a Windows desktop. etc.<sup>359</sup> In India, the registration of motion marks is rising into prominence when compared to other non-convention marks due to many big movie companies prevailing in the country.

#### **D.** Touch Trademarks/Texture Trademarks

Touch mark, also known as texture mark, is not as frequently used like other trademarks and is therefore the least claimed non-conventional trademark. For registration of a touch mark, it is extremely important that it should carry a meaning and should not be a mere ornamental packaging of products or services.<sup>360</sup> The velvet touch trademark of Khvanchkara wine bottles and leather-like material on the packaging of brandy or grappa are examples of touch as trademark.<sup>361</sup>

#### E. Hologram Trademarks

Hologram marks are non-conventional trademarks that use a combination of images and colours that are visible only when viewed from a particular direction and therefore it is extremely difficult to show the trademark on paper since it will not be able to capture all the motion of the mark.<sup>362</sup> These types of marks are mainly used by companies to avoid unwanted false imitation of goods and services. The trademark on the toothpaste of Glaxo Groups is one of the most famous examples of the hologram mark.<sup>363</sup>

#### F. Colour Trademarks

Colour is something which is seen everywhere and the distinctiveness of colour is therefore an unsolved question. The colour trademark is accepted for combination of colour but registration of a single colour mark still forms a grey area as it lacks the intrinsic ability to be distinctive and it may lead to confusion for consumers as there are lot of shades for a single colour.<sup>364</sup> Another problem pertaining to the registration of single colour is that, if trademark registration is allowed for a single colour, then it will cause problems from the other front runners and hence it will end up in no one using the colour as the number of colours are very

<sup>359</sup>Id.

<sup>&</sup>lt;sup>360</sup>Tanisha Agarwal & Vanshaj Mehta, <u>Hear Me, Touch Me, Taste Me, Smell Me: Conventionalizing Non-</u> Conventional Trademark in India, 3 Journal of Contemporary Issues of Law 1, 1-22 (2017).

<sup>&</sup>lt;sup>361</sup><u>Id.</u> <sup>362</sup><u>Id.</u>

<sup>&</sup>lt;sup>363</sup>Id.

<sup>&</sup>lt;sup>364</sup>M M S Kharki, Non-Traditional Areas of Intellectual Property Protection: Colour, Sound, Taste, Smell, Shape, Slogan and Trade Dress, 10 Journal of Intellectual Property Rights 499, 499-506 (2005).

limited. Royal purple colour of Cadbury, a protected shade of pink of the Barbie company, Canary yellow of 3M company are some of the well-known colour trademarks in the world today.<sup>365</sup>

#### G. Shape Marks

Just like colours, textures and other non-conventional trademarks, the shape of a product can also be protected if the consumer identifies that particular shape with the product. The Trade Mark Act, 1999 and the UK Trade Mark Act, 1994 include shapes as marks in their definition of trademark.<sup>366</sup> However, just like other non-traditional trademarks, registration of shape marks face a lot of challenges due to its inability to be graphically represented as well as difficulty in showing distinctiveness. Yet, there are a lot of companies that were able to protect the shape of the product such as the shape of a chocolate called Toblerone, shape of zippo lighters, shape of Coco-Cola bottles, etc.<sup>367</sup>

#### H. Sound Trademarks

Sound mark or auditory marks can be anything which is auditory in nature. When compared to other non-conventional trademarks, sound mark is the most registered and protected one and it is gaining wide popularity in many countries especially in US.<sup>368</sup> Sound mark performs the function of helping consumers uniquely identify a particular product in the commercial market without causing much confusion. Unlike other non-conventional trademarks, sound mark has the capability to be graphically represented using a series of musical notes with or without the usage of words. Some of the oldest and famous registered trademarks in this regard are the sound of Harley Davidson, Nokia tune, Tarzan Yell, etc.<sup>369</sup>

### IV. EVOLUTION OF UNCONVENTIONAL TRADEMARKS

Traditional trademarks such as logos, symbols, captions, signs, names and images have been

<sup>&</sup>lt;sup>365</sup>Id.

<sup>&</sup>lt;sup>366</sup>Lisa P. Lukose, <u>Non-Traditional Trademarks: A Critique</u>, 57 Journal of the Indian Law Institute 197, 197-215 (2015).

 <sup>&</sup>lt;sup>367</sup>Dr. Mohan Dewan, <u>Registering Shapes in India: Guidelines and Processes</u>, Lexology (Aug 29, 2020, 1:00 PM), <u>https://www.lexology.com/library/detail.aspx?g=94e581ac-5333-4a72-8dfc-111d746af82d</u>
 <sup>368</sup>Id.

<sup>&</sup>lt;sup>369</sup>Harshada Wadkar, <u>Non-Conventional Marks</u>, Lexology (Aug 30, 2020, 8:50 PM), <u>https://www.lexology.com/library/detail.aspx?g=4339efff-eba0-4339-a5f9-47f2d72ae7d1.</u>

used to distinguish products, services or brands since a very long time but there has been a paradigm shift in branding strategies in recent years due to which unconventional marks such as colour, shape, smell, taste, etc. have been used by different companies to distinguish their products in the global market.<sup>370</sup> The debates and discussions on trademark protection of nonconventional marks has been prevailing for more than 100 years now. Even though legal protection and registration of non-conventional trademarks has developed very recently, it has been used by many famous brands for more than a decade now.<sup>371</sup> For instance, the shape of the bottle of the Coca-Cola drink, the blue gift box of the Tiffany company that helps to create a unique identification among the consumers and the pink colour trademark of the Owens Corning Corporation are some of the initially registered well-known non-conventional trademarks.372

The WIPO established a committee for the study of trademark called the Standing Committee on the Law of Trademark. The committee analysed non-conventional trademarks and classified them into visual and non-visual marks. Visual trademarks include colour, shape and holograms while non-visual trademarks include sound, taste, smell and texture. Later in 1956, it was understood that the definition given to trademark was very general in nature. The issue was first time discussed in the Vienna meeting and then in Brussels.<sup>373</sup> In 1994, the TRIPS agreement sanctioned the start of development in trademark rights. The definition offered by the TRIPS agreement on trademark was wide and was given on the basis of the nature of the marks that can be considered as trademark and according to the functional definition, the unique function of trademarks is also imperative to grant protection.<sup>374</sup> Article 15 of the TRIPS agreement provided a very ambiguous list of what can be considered as trademark which included signs, logos, symbols, letters and combination of colours or signs as well. As far as the TRIPS agreement is concerned, unconventional trademarks should also be protected since they are used as a trademark and also have unique character that will help to distinguish a particular product.<sup>375</sup>

From the 19<sup>th</sup> century, a lot of solid scholastic works as well as debates were conducted in

<sup>&</sup>lt;sup>370</sup>Lindstorm Martin, Brand Sense, Build Powerful Brands Through Touch, Taste, Smell, Sight and Sound, Kogan Page Publisher (2005).

 $<sup>^{371}</sup>$ <u>Supra</u> 17.  $^{372}$ <u>Id.</u>

<sup>&</sup>lt;sup>373</sup>Tanisha Ranjan, India: Protection of Non-Conventional Trademarks, Fast forward Justice's Law Journal (Aug 25, 2020, 9:00 PM), https://fastforwardjustice.com/india-protection-of-non-conventional-trademarks/.

<sup>&</sup>lt;sup>374</sup>Kenneth L Port, On Non-Traditional Trademarks, William Mitchell College of Law Legal Studies Research Paper Series (Aug 27, 2020, 8:00 AM), https://ssrn.com/abstract=1564230.

<sup>&</sup>lt;sup>375</sup>Id.

Europe pertaining to the granting of protection to non-conventional trademarks. An argument in Bolivia was also conducted in the early 20<sup>th</sup> century in which non-conventional marks like sound, shape, etc. was granted protection as they were capable of being represented graphically and had distinctive character.<sup>376</sup> Though registration and protection of non-conventional trademarks have been continuously stirring for the last 20 years, they still have a lot of problems especially in case of visually non-perceptible non-traditional trademarks like smell, touch and taste as they could create a lot of confusion in the mind of consumers and also due to the inability of these marks to be graphically represented.<sup>377</sup>

# V. <u>POSITION OF UNCONVENTIONAL TRADEMARKS UNDER</u> <u>EU AND US JURISDICTION</u>

#### A. <u>EU</u>

The Trade Marks Act, 1994; enacted in implementation of EU Directive 89/104/EEC; controls and regulates trademarks and their registration in the United Kingdom and their dependency, the Isle of Mann.<sup>378</sup> The first olfactory mark to have been sought under the Act had been the fragrance of the perfume Chanel No. 5 by the company Chanel in 1994. The scent was, however, not granted trademark status as the fragrance, which was to be trademarked, and the perfume, which was the product, were deemed to be one and the same.<sup>379</sup> At around the same time, however, the applications of Sumitomo Rubber Co.'s scent of roses with respect to their tyres<sup>380</sup> and Unicorn Products' smell of beer with regard to their darts<sup>381</sup> were accepted by the UK Patent Office.

Graphical representation has always been an important consideration for the acceptance or rejection of any application in the European Union. In the landmark case of **Raf Sieckmann v. Deutsches Patent und Markenamt**<sup>382</sup>, an application for the trademarking of a particular

<sup>&</sup>lt;sup>376</sup>Shikhar Sinha & Kunal Gopal, <u>Tracing the Jurisprudence of Smell Marks as a Trademark</u>, 1 HNLU Student Bar Journal 61, 61-69 (2017).

<sup>&</sup>lt;sup>377</sup><u>Id.</u>

<sup>&</sup>lt;sup>378</sup>Paul Leo Carl Torremans, <u>Trademark Law: Is Europe Moving Towards an Unduly Wide Approach for</u> <u>Anyone to Follow the Example?</u>, 10 Journal of Intellectual Property Rights 127, 127-132 (2005).

<sup>&</sup>lt;sup>379</sup>Nathan K G Lau, <u>Registration of Olfactory Marks as Trademarks: Insurmountable Problems?</u>, 16 Singapore Academy Law Journal 264, 265 (2004).

<sup>&</sup>lt;sup>380</sup>Sumitomo Rubber Co's Application No. 2001416, 31 October 1994.

<sup>&</sup>lt;sup>381</sup>Unicorn Products' Application No. 2000234, 31 October 1994.

<sup>&</sup>lt;sup>382</sup><u>Raf Sieckmann v. Deutsches Patent und Markenamt</u>, Case C-273/00, European Court of Justice.

scent was submitted by Mr. Sieckmann on behalf of his company and the chemical composition, chemical formula, description in words, sample, etc. of the said scent were also attached along with the application. Trademark status was, however, not granted as the graphical representation that had been provided was deemed to not have been sufficient. In this regard, the ECJ pacing reliance on Article 2 of EU Directive 89/104/EEC, opined that samples did not amount to graphical representations and that though description in words was tantamount to graphical representation, it was not possible to properly understand a scent through such description. They also opined that chemical compositions, chemical formulas and the like only depicted ingredients to create the scent and not the scent per se. The court thereafter highlighted the importance of graphical representation and held that such representation must be "clear, precise, self-contained, easily accessible, intelligible, durable and objective". This is now referred to as the Sieckmann test. It was applied in several other cases later on including the case of Apple Inc v. Deutsches Patent und Markenamt<sup>383</sup>.

In the landmark case of Shield Mark BV v. Kist<sup>384</sup>, wherein the company Shield Mark BV filed a suit against their competitor Joost Kist for infringement of their aural mark, the ECJ held that a sound could be trademarked so long as it was distinctive in nature and could be represented graphically. Placing reliance on Article 2 of EU Directive 89/104/EEC and the Seickmann case, they opined that description in words such as "crow of a rooster", "first nine notes of Fur Elise", etc. would not amount to graphical representation. They also opined that onomatopoeia would not amount to graphical representation but that representation by way of musical notes or other such notations would suffice. In this case, only those sounds which had been trademarked in this manner hence received protection. This case also became the basis for many future judgements and decisions in Europe and other countries such as India as well. However, as the requirement of graphical representation has now been removed as per EU Trademark Directive 2015/2436 and EU Trademark Regulation 2015/2424, registration of unconventional trademarks such as marks pertaining to smell, taste, movement, touch, colour, shape, sound, etc. have become much easier.<sup>385</sup>

#### B. US

The approach toward unconventional trademarks is very different in US when compared to other countries like EU and India. In US, the provisions for registration and protection of

 <sup>&</sup>lt;sup>383</sup><u>Apple Inc v. Deutsches Patent und Markenamt</u>, Case C-421/13, European Court of Justice.
 <sup>384</sup><u>Shield Mark BV v. Kist</u>, Case C-283/01, European Court of Justice.
 <sup>385</sup><u>Supra</u> 35.

trademarks are laid under the Lanham Act. As per the Act, "protection can be granted to any words, symbols, name or any combination if they are used to identify and distinguish goods or services of one undertaking from those of other undertaking" and therefore the ability to be graphically represented is not mandatory in the country.<sup>386</sup> The purpose of graphical representation for the registration of trademarks is to make other companies aware about what has been trademarked.<sup>387</sup> Section 1052 of the Lanham Act gives a negative definition of trademark and also specifies about the pre-requisites for its registration. According to this legal provision, a trademark should fulfil requirements such as non-functionality, distinctiveness or acquired distinctiveness which will aid the consumers to identify a specific product from other products.

The 1988 Congress purposefully retained terms like 'symbols' and 'devices' in the definition of trademark under Section 15 of the Act in order to include registration of non-conventional trademarks like smell, sound, shapes, etc.<sup>388</sup> Therefore, the legal statute in US for trademark does not prevent the registration and protection of sounds and scents. The liberal nature of the Supreme Court in the registration of unconventional trademarks is made evident in the case of Qualitex Co. v. Jacobson Products and Co.<sup>389</sup>. In this case, the Supreme Court stressed upon the primary function of a trademark, i.e., distinctiveness as imperative for registration and protection and not its capability to be graphically represented.<sup>390</sup>

Trademark law in US mainly concentrates upon a functionality doctrine known as doctrine of protection. According to this doctrine, the trademark should not have a direct connection with the products or services. In the case of **Re Celia<sup>391</sup>**, the court held that the function of the product marketed should not have any connection with the smell of the product which is registered as its trademark. In the landmark case of Louboutin v. Yves Saint Lauret America Holding, Inc.<sup>392</sup>, the court highlighted the practical method of impeding the functional feature of a product under the trademark and said that it should be brought under the patent law.

<sup>&</sup>lt;sup>386</sup>Linda B. Samuels & Jeffrey M. Samuels, <u>Colour Trademarks: Protection under U.S. Law</u>, 15 Journal of Public Policy & Marketing 303, 303-307 (1996).

<sup>&</sup>lt;sup>387</sup>Kuruvila M Jacob & Nidhi Kulkarni, Non-Conventional Trademark: Has India Secured an Equal Footing, Indian Journal of Intellectual Property of Law 47, 47-72 (2018).

<sup>&</sup>lt;sup>388</sup>S Rep 515, 100<sup>th</sup> Cong 2<sup>nd</sup> Session 44 (1988). <sup>389</sup>Qualitex Co. v. Jacobson Products Co., 514 US 159 (1995).

<sup>&</sup>lt;sup>390</sup>Brinks Hofer Gilson & Lione, <u>The Sound of Non-Conventional Marks in the United States</u>, World Trademark Review 94, 94-95 (2007).

<sup>&</sup>lt;sup>391</sup><u>Re Celia</u>, 217 U.S.P.Q.2d.1238 (1990).

<sup>&</sup>lt;sup>392</sup>Louboutin v. Yves Saint Lauret America Holding, Inc., 696 F.3d 206 (2012).

There are mainly 2 types of functionality known as traditional functionality and aesthetic functionality that can be used as a defence for trademark infringement claim. The defence of traditional functionality can be used if it is *"essential to the use and purpose of the product"* or if *"it effects the cost or quality of the product"* and in this case, the state will not grant protection of trademark. Furthermore, it is considered to be more rational to give patent protection rather than trademark protection as it can be renewed. Even if the product does not feature traditional functionality, it is mandatory to pass the aesthetic functionality test which will provide it with more competitive benefits. Altogether, it is very evident that the registration and protection of non-conventional trademarks such as scent, sound and other visually imperceptible marks that can be clearly illustrated is very flexible and versatile in US.

One of the oldest and most well-known non-traditional mark that was registered in 1970 was the NBC Jingle under the set of sensory marks. Later, other companies were also successful in registering their marks such as the MGM and their lion roar, 20<sup>th</sup> Century movies, etc. The approach of US is very liberal towards unconventional marks and they are always open to new developments.

# VI. <u>POSITION OF UNCONVENTIONAL TRADEMARKS IN</u> <u>INDIA</u>

Section 2(1)(zb) of the Trade Marks Act, 1999 defines a trademark as "A mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours" and Section 2(1)(m) defines a mark as "A device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof". Unconventional trademarks are hence slowly but steadily making their way into Indian jurisprudence.

### A. Sound Trademark

Yahoo Inc.'s three-note yodel<sup>393</sup> and ICICI Bank's corporate jingle<sup>394</sup>, granted trademark

<sup>&</sup>lt;sup>393</sup>P. Manoj, Yahoo Awarded India&#8217;s First Sound Mark; Nokia in Queue, Live Mint, Aug. 22, 2008.

status in 2008 and 2011 respectively, are two of the best examples of sound marks in the country; the former being the first sound trademark to be granted in India and the latter being the first sound trademark to be granted to an Indian entity. Britannia Industries' four-note bell sound, Nokia mobile phone's default ring tone, MGM film's lion's roar, Raymond: The Complete Man's musical sequence, Edgar Rice Burroughs' Tarzan yell, National Stock Exchange's theme song, etc. are some of the other examples of sound marks in the country.<sup>395</sup>

For a sound to be registered as a trademark in India; an MP3 recording of the said jingle, chime or musical composition, which is not more than 30 seconds in length, has to be submitted to the Office of Registrar of Trade Marks as per Section 26(5) of the Trade Marks Rules, 2017. Additionally, a graphical representation of its notations also has to be submitted. Furthermore, according to the Draft Manual of Trade Marks Practice and Procedure, the application submitted should clearly indicate that the trademark is being sought for a sound. Otherwise, the trademark being sought will be presumed to be for a word and will be examined as such.396

Just like in case of conventional trademarks, the distinctiveness of the mark, i.e., whether or not the sound has become synonymous with the product or service in the minds of consumers, will be the chief criteria for acceptance or rejection of the mark.<sup>397</sup> Additionally, the draft manual also stipulates that musical notes with or without words may be used in order to represent the jingle, chime, musical composition, etc. graphically, thereby conferring more clarity on Section 26(5) of the Rules.<sup>398</sup> The Shield Mark doctrine also finds application in India in this context.

#### B. <u>Colour Trademark</u>

Colour marks may be of two types: those pertaining to single colours and those pertaining to combination of colours.<sup>399</sup> Combination of colours find mention in Sections 2(1)(m), 2(1)(zb) and 10(1) of the Trade Marks Act, 1999. In furtherance to this, Section 26(2) of the Trade Marks Rules, 2017 stipulates that a reproduction of the mark should accompany applications seeking trademark for a combination of colours. However, single colour

<sup>&</sup>lt;sup>394</sup>ICICI Secures Rights for Corporate Jingle, The Indian Express, Mar. 12, 2011.

<sup>&</sup>lt;sup>395</sup>Labna Kably, Jingles and Chimes can make Trademark Noise, The Times of India, Mar. 27, 2017.

<sup>&</sup>lt;sup>396</sup>Serial Number 12.2.5 of the Draft Manual of Trade Marks Practice and Procedure.

<sup>&</sup>lt;sup>397</sup>Id.

<sup>&</sup>lt;sup>398</sup><u>Id.</u>

<sup>&</sup>lt;sup>399</sup>Althaaf Marsoof, <u>The Registrability of Unconventional in India and Sri Lanka: A Comparative Analysis</u>, 12 Journal of Intellectual Property Rights 497, 497-506 (2007).

trademarks do not find mention anywhere in the Act. Additionally, Section 9(1)(a) of the Act prescribes that trademarks which are not distinctive should not be registered. This limits the scope of trademarking of colours in India as single colours are easily available and widely used and can hence be argued to not be distinctive in nature. Furthermore, the colour depletion theory, i.e., the limited availability of colours in the world also comes into the picture.<sup>400</sup> It can therefore be said that the law on trademarking of colours in India is ambiguous and that a huge amount of discretion in this regard has been conferred on the judiciary.

It can also be observed that the courts themselves have often delivered contradictory or conflicting judgements over the years. The exact position of colour trademarks in India is thus unknown. In the case of Colgate Palmolive Co. v. Anchor Health and Beauty Care Pvt. Ltd.<sup>401</sup> in 2003, the Delhi High Court restrained the defendant from using the red and white colour combination of the plaintiff in the packaging of their products and also opined that copying the colour of another product was tantamount to passing off. However, 4 years later, in the case of **Cipla Ltd. v. MKI Pharmaceuticals**<sup>402</sup>, wherein the plaintiff had sought an interim injunction restraining the defendant from using orange colour, similar to that of the plaintiff, in the production of their products; the court opined that there could not be monopoly over colours and thereafter held that copying the colour of another product did not amount to passing off.

Later on, the High Court of Delhi reiterated the Colgate Palmolive Co. judgement in the cases of Dabur India Ltd. v. Shree Baidyanath Ayurved Bhawan Pvt. Ltd.<sup>403</sup> and Seven Towns Ltd. and Ors. v Kiddiland and Ors.<sup>404</sup>. A similar judgment was also passed in the case of Deere and Co. and Ors. v. S. Harcharan Singh and Ors.<sup>405</sup>. However, in the case of Britannia Industries Ltd. v. ITC Ltd.<sup>406</sup>, wherein it had been alleged that the yellow and blue colour combination of ITC's Sunfeast Farmlite Digestive All Good Biscuit had been copied by Britannia's Nutri Choice Digestive Zero Biscuit, the Delhi High Court opined that ITC was not entitled to an interim injunction in this regard as it had failed to prove that this colour

<sup>&</sup>lt;sup>400</sup>Dev Gangjee, Non-Conventional Trade Marks in India, 22 National Law School of India Review 67, 67-96 (2010).

<sup>&</sup>lt;sup>401</sup>Colgate Palmolive Co. v. Anchor Health and Beauty Care Pvt. Ltd., (2003) DLT 51.

<sup>&</sup>lt;sup>402</sup>Cipla Ltd. v. MKI Pharmaceuticals, (2007) (36) PTC 166 Del.

<sup>&</sup>lt;sup>403</sup>Dabur India Ltd. v. Shree Baidyanath Ayurved Bhawan Pvt. Ltd., (2012) (51) PTC 441 (Del).

<sup>&</sup>lt;sup>404</sup>Seven Towns Ltd. and Ors. v Kiddiland and Ors., (2016) (68) PTC 308 (Del)

<sup>&</sup>lt;sup>405</sup>Deere and Co. and Ors. v. S. Harcharan Singh and Ors., (2015) (63) PTC 433 (Del). <sup>406</sup>Britannia Industries Ltd. v. ITC Ltd., 2017 (70) PTC 66 (Del).

combination had become a "badge of its goodwill". Furthermore, in the case of *Christian Louboutin Sas v. Abu Baker and Ors.*<sup>407</sup>, *the court placing reliance on* Sections 2(1)(m) and 2(1)(zb) of the Trade Marks Act, *opined that* it was not possible to trademark single colours. The court hence held that the plaintiff's trademark, i.e., red colour on the soles of ladies' footwear had not been infringed by the defendant and thereafter dismissed the suit.

#### C. Shape Trademark

Shape of goods receives recognition as a trademark under Sections <u>2(1)(m)</u> and <u>2(1)(zb)</u> of the Trade Marks Act, 1999 just like combination of colours; provided the shape is distinctive in nature and can be graphically represented. Shape as a trademark also finds mention in Section 9(3) of the Act wherein it is stipulated that the shape to be trademarked should be distinctive from the good or service and should hence not be due to the nature of the product. The Section also prescribes that the shape must not have functional considerations, i.e., should not be in order to obtain a technical result. Additionally, the Section prescribes that the shape should not add any extra value to the good or service such that trademarking it would result in loss in value of the product to the manufacturers of similar goods and services. The Draft Manual of Trade Marks Practice and Procedure confers further clarity on shape marks and their registration in India.

Indian courts have also been more or less consistent in their judgements with regard to shape as a trademark. In the case of **Lilly ICOS LLC and Anr. v. Maiden Pharmaceuticals Ltd.**<sup>408</sup>, wherein it had been alleged that the almond shape of the plaintiff's product had been copied by the defendant, the Delhi High Court passed judgement in favour of the plaintiff and thereafter issued an injunction against the defendants in this regard as it was of the opinion that the defendant had adopted such shape with deceptive intent. Furthermore, in the case of **Gorbatschow Wodka KG v. John Distilleries Ltd.**<sup>409</sup>, the Bombay High Court held the shape of the plaintiff's vodka bottles to be a trademark and thereafter granted them an injunction against the defendants as it agreed with their claim that the shape of their bottle was distinctive in nature and also contributed to the goodwill of their product.

It is also important to note that even prior to the enactment of the present Act, shape had been recognised by the Indian Judiciary as trademark. In the case of **MRF Ltd. v. Metro Tyres** 

<sup>407</sup> Christian Louboutin Sas v. Abu Baker and Ors., (2018) 250 DLT 475.

<sup>&</sup>lt;sup>408</sup>Lilly ICOS LLC and Anr. v. Maiden Pharmaceuticals Ltd., 2009 (39) PTC 666 (Del).

<sup>&</sup>lt;sup>409</sup>Gorbatschow Wodka KG v. John Distilleries Ltd., 2011 (47) PTC 100 (Bom).

Ltd.<sup>410</sup> in 1990, wherein the plaintiff had sought a permanent injunction restraining the defendant from manufacturing and selling tyres with tread patterns similar to their own, the Delhi High Court favoured the plaintiffs as it was of the opinion that similar patterns as in the present case would result in confusion amongst consumers with regard to the origin of the product. A similar judgement was also passed later on in the case of **Zippo Manufacturing** Company v. Anil Moolchandani and Ors.<sup>411</sup> in 2011.

#### D. Other Unconventional Trademarks

Apart from the above-mentioned sound, colour and shape marks; there also exists several other unconventional trademarks in India such as smell, taste, touch and movement marks. However, these marks have neither been included in nor excluded from Indian trademark laws such as the Trade Marks Act, 1999; Trade Marks Rules, 2017 and Draft Manual of Trade Marks Practice and Procedure. Additionally, though words such as "shape of goods" and "combination of colours" find mention in the definition of the term "trademark" provided in the Trade Marks Act; smell marks, taste marks, touch marks, movement marks, etc. do not find mention anywhere in the Act, let alone this particular definition. It can hence be said that India suffers from a dearth of laws in this regard and it is therefore difficult to determine the exact legal position of these marks in the country. In addition to this, provisions such as Section 26(1) of the Trade Marks Rules, that makes the graphical representation of marks mandatory for the grant of trademark status, further complicate and act as barriers to the registration of these marks.<sup>412</sup>

### VII. <u>CONCLUSION</u>

Trademarks help consumers in recognising product origin and thereby help in the building of goodwill, brand image, reputation, etc. Trademarks are also likely to create brand loyalty amongst consumers. Businesses, nowadays, hence spend a considerable amount of their time, money and effort in making their goods and services unique so as to distinguish them from those of competing firms manufacturing and selling similar products. However, gone are the days when product differentiation was brought about merely through conventional

<sup>&</sup>lt;sup>410</sup><u>MRF Ltd. v. Metro Tyres Ltd.</u>, 1990 PTC 101.

<sup>&</sup>lt;sup>411</sup>Zippo Manufacturing Company v. Anil Moolchandani and Ors., 2011 (48) PTC 390 (Del).

<sup>&</sup>lt;sup>412</sup>Neha Mishra, <u>Registration of Non-Traditional Trademarks</u>, 13 Journal of Intellectual Property Rights 43, 43-50 (2008).

trademarks. Nowadays, all possible senses of a consumer such as smell, sound, taste, touch, etc. are targeted and utilised by firms in this regard. In such a scenario, there is an increased chance of trademark infringement, passing off, etc. which will negatively impact businesses. This is where unconventional trademarks come into the picture. However, the concept of unconventional marks has not been properly explored in India and there is hence a dearth of legal jurisprudence in this regard. Despite the existence of several laws and legislations in the country pertaining to trademarks such as Trade Marks Act, 1999; Trade Marks Rules, 2017 and Draft Manual of Trade Marks Practice and Procedure; not all types of unconventional marks that have been registered in India is very less when compared to other countries such as the European Union and the United States. It is highly advisable that India take a leaf out of the trademark laws of some of these developed countries and enact necessary provisions in the existing statutes.

After careful analysis of legal provisions, illustrations and case laws; the following recommendations and suggestions have been arrived at:

- In India there is not a single case of registration of sensory trademarks such as smell, taste, and touch since the ability of graphical representation is made mandatory as per trademark act 1999. For the development of non-visual non-conventional trademark in India, it should be dealt under the TRIPS agreement where graphical representation is not considered an impediment for registration of trademark if it can pass the test of distinctiveness.
- There should be an international uniform policy for the registration and protection of non-conventional trademark so that international brands do not face a difficulty to sell their products in different jurisdiction.



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# PROTECTION OF TRADITIONAL KNOWLEDGE UNDER INTELLECTUAL PROPERTY RIGHTS REGIME

Riya<sup>\*</sup>

## **ABSTRACT**

As much of the world's biodiversity has been conserved and maintained by indigenous people, the preservation of traditional knowledge is vital for the conservation and sustainable development of the environment. For the preservation and conservation of genetic resources and other bio-resources, their awareness is essential. In many other nations, traditional knowledge of Indian products is a more significant commodity than any other commodities. This is because India is a place where lots and lots of valuable resources are found and most of the items are the result of conventional historical knowledge. Traditional knowledge of various products in India should be protected from misuse by different countries and India needs to further update in the field of patenting Indian traditional knowledge in order to be safeguarded against this reality. In this article various techniques for securing TK by constructive and protective defence which have been implemented are discussed. The Council for Scientific and Industrial Research (Government of India) has made an initiative to record TK in the TKDL (Traditional Information Digital Library) to secure TK which has now proved to be a boon in protection of traditional knowledge. Intellectual property rights (IPR) are used by bio pirates as a weapon to steal conventional information and misuse biological resources and this occurs because of certain inadequacies in current IPR system. This paper concludes with the points, where some sui-generis mechanism needs to be incorporated into the current IPR system.

<sup>\*</sup> RIYA, 4th Year BALLB(H) Student, KIIT School of Law, KIIT University, Bhubaneswar.

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### I. <u>INTRODUCTION</u>

India is one of the world's 12 super Biodiversity<sup>413</sup> Countries. India is a recognized crop diversity centre and keeper of several wild varieties, relative of crops. India is rich in traditional knowledge of the properties and uses of these biological assets because of its distinctive bio-diversity and natural bounty. In the majority of biologically rich and diverse regions, indigenous and local populations are positioned. This natural environment is a way of life for them and an aspect of their cultural nature. Indigenous populations are a repository of conventional environmental information and sustainable usage. TK is an essential ingredient for achieving sustainable growth. It has always been a treasure readily accessible and has thus been vulnerable to misappropriation. It is most often passed down as oral perception from generation to generation.

"Traditional knowledge refers to knowledge acquired over time by people in an indigenous society, in one or more cultures, based on experience and adjustment to a local culture and climate, and continuously predisposed by each generation's developments and practises".

TK is quite enormous and includes information related to different groups, such as knowledge of plants and animals and their properties; minerals and soils and their properties; organic and inorganic combinations; medicinal knowledge; and folklore expressions in the form of music, dance, poem, crafts, storey, and art work. In the fields of science, technology, ecology, medicine, agriculture, biodiversity, all intellectual creations that were created by ancestors, gradually enhanced by subsequent generations of a traditional society are also protected by traditional knowledge. TK is used to preserve the population and its culture and to retain the requisite genetic capital for the community's continued survival.

The demand for the effective defence of traditional information has gained thrust, either through the introduction of the traditional IPR system or through a modern sui generis system, such as the traditional rights of the group or the rights of group land.<sup>414</sup> There is also a need to encourage societies to leverage traditional perception for their progression and improvement.

<sup>&</sup>lt;sup>413</sup> http://www.nbaindia.org/faq.htm.

<sup>&</sup>lt;sup>414</sup>T Cottier and M. Panizzon, "Legal Perspectives on Traditional Knowledge," Journal of International Economic Law, Vol. 7, 2004, p. 387.

Some of the examples of traditional knowledge includes: -

- a) Use of plao- noi by the Thai traditional healers to treat ulcer.
- b) Use of hoodia cactus by San people to stave off hunger while outhunting.
- c) Sustainable irrigation through water systems such as the aflaj in Oman and Yamen and the qanat in Iran.

### II. CRITERIA TO QUALIFY AS TRADITIONAL KNOWLEDGE

Traditional knowledge basically encompasses knowledge has been gathered over centuries because of the customs. In addition, it often takes account of the enlargement / adaptation of production from point to point, depending on society's evolving requirements. These innovations serve as an extension to current awareness as well as shape element of the information transmitted to the subsequent age group, thus defining the essence of conventional knowledge for the subsequent age group collectively. From the above points it can be noted that the fundamental basics of Traditional Knowledge consist of:

- a) Construction of a new practice / process for fulfilling a need.
- b) Transmission of the process/ method through generations by the virtue of customs.
- c) Restricted to the group / community within a particular group / community by virtue of its values.

The '*neem*' example where the *neem* tree was considered to have a broad range of applications in India is an ideal illustration of what amounts to TK. The same was mentioned in Indian texts written over 2000 years ago and used for centuries in agriculture, human and veterinary medicine, toiletries and cosmetics and also as an insect and pest repellent.

### III. <u>REASON FOR PROTECTION OF TRADITIONAL KNOWLEDGE</u>

The numerous definitions have been given to the word protection, which provide one

rationalization for a lack of clarification about the justification for protection. Some understand this term in the sense of IPRs, where security generally means excluding third parties from unauthorized use. Others distinguishes protection as an instrument for protecting traditional information from exercise that may erode it or have a detrimental effect on the lives or cultures of the societies that have created and implemented it. However, the key reasons for granting TK security incorporates:

- a) Consideration of equity.
- b) Conservation questions.
- c) The maintenance of traditional customs and community.
- d) Prevention of appropriation of components of TK by unauthorized persons.
- e) Fostering its uses and its significance in development.

**Equity:** In several instrument for the security of TK, the fundamental opinion is based upon equity contemplation. TK creates value which is not sufficiently acknowledged and remunerated due to the scheme of requisition and reparation currently in place. Therefore, it would be important to protect TK to add justice to primarily undeserved and unequal ties. An instance for this reasoning is found in plant inherited assets. Orthodox farmers both preserve inherited assets from plants and use them.<sup>415</sup> The importance of plant inherited assets is retained and enhanced by their use for planting, processing of seeds and continuous selection of the well-matched farmer's varieties. These farmers typically communicate with each other on the basis of barter or trade across the fence, thereby facilitating the dispersion and further production of their varieties. The central point of this appraisal is that, because breeders and seed companies are not charged a price for the samples they receive, traditional / local farmers are not paid for the value they deliver, nor is there any later repayment or sharing of profit with farmers.

**Conservation:** The second element explaining the TK security argument is focused on the value of such information for the purposes of preservation. Therefore, maintaining biological assortment in agricultural systems creates value for the universal region. IPR's may be used to raise revenue to continue operations that would otherwise be discontinued. For example, if traditional farmers deserted the use and breeding of farmers' varieties attracted by the higher income obtainable by planting modern varieties with higher yields, a severe loss of

<sup>&</sup>lt;sup>415</sup>Carlos Correa, "Traditional Knowledge and Intellectual Property: Issues and options surrounding the protection of traditional knowledge", 35 (3<sup>rd</sup> Ed., November 2001).

biodiversity may occur. Under this strategy, TK safety helps to fulfil society's wider environmental conservation, sustainable agriculture and food security purposes.

**Preservation of Traditional Lifestyles:** Others see TK security as a mechanism for encouraging the preservation of traditions and proficiency that represent traditional styles of life. The notion of "security" is very different in this context from the notion applied under IPR's. The core component of the right to self-identification and a prerequisite for the continued survival of local and traditional cultures, the protection of TK is also an elementary aspect of humanity's cultural legacy.<sup>416</sup> According to some statistics, the tragedy affecting the world's diverse cultures and languages is much larger than the biodiversity tragedy.

**Avoiding Bio Piracy:** The security of TK aims, in some cases, to avoid the unauthorised appropriation ('bio-piracy') of conventional information and to ensure the sharing of benefits. For example, as a way of harmonizing the TRIPS Agreement with the CBD, the Government of India has suggested that a clause be inserted into the Agreement establishing that patents inconsistent with Article 15 of the CBD should not be issued. Improving the information available to patent offices for review of novelty and innovative measures can prevent the granting of patents unduly covering TK.

**Promoting use and development:** The encouragement for the use of traditional knowledge is a significant aim in itself. The security of TK demands that the "wider appliance" of TK must be endorsed. Protecting TK from loss and embezzlement, or offering reimbursement to TK holders, can be considered as the significant basics to excite the wider use of such information. A fundamental reason for protecting TK from destruction and loss may be to promote growth. In the establishment procedure, TK is an underutilized source. Legal security can help to exploit the possibilities of products and services based on TK. Traditional Knowledge can also be a vital resource for strengthening local innovation, and innovation is necessary for local cultures to rebuild.

<sup>&</sup>lt;sup>416</sup>*ibid*.

# IV. <u>ROLE OF INTELLECTUAL PROPERTY RIGHTS IN</u> <u>PROTECTION OF TRADITIONAL KNOWLEDGE</u>

Intellectual property rights are intended to protect research and development (R&D) investment and to promote creativity by providing discoverer with motivation. But the way IPR are being interpreted and created, placed emphasis on changing the willingness of others to participate. Through the intellectual property rights, private corporations exploit conventional knowledge and reap income from our natural wealth. Rural farmers and tribal people are made deprived of their natural resources and related skills due to bio piracy. As bio-pirating businesses placed high prices on these goods, conventional knowledge-based goods are too expensive for them. Bio-piracy leads to numerous disputes concerning the security of indigenous people's rights, sustainability of local flora and fauna and the global climate, and even the ability of the country to provide food security.

TRIPS agreement of the World Trade Organization (WTO) stresses patent rights, but the rights of traditional information holders are ignored. If it is possible to interpret and improve IPRs in an authentic and justified way, they can be used as a tool for TK security. There are still some fundamental points that can be used in either way, i.e. as a constructive security and/or defensive measure to preserve conventional information, despite many shortcomings in the new IPR regime. In order to protect the rights of indigenous peoples, their biological resources and related information, national IPR legislation and international conventions should be taken forward.

#### A. Biological Diversity Act, 2002

Being a signatory to the Convention on Biological Diversity (CBD), India considered it appropriate to give outcome to that convention. The Biological Diversity Act of 2002 was then approved by India to encourage the protection of biological diversity, the sustainable use of its elements, and the equal distribution of profits resulting from the use of natural assets.<sup>417</sup> The regulation deals with the fundamental issues of;

• Right to use to natural assets.

<sup>&</sup>lt;sup>417</sup> Biological Diversity Act, Section 2(c).

- Gathering and consumption of natural assets.
- Dividing the profits occurring out of such entrance.
- Safeguarding from bio piracy.

At the local community level, the law provides for the development of the National Biodiversity Authority (NBA) under section 8, the State Biodiversity Board (SBB) under section 22 of the Act, and Biodiversity Management Committees (BMCs). No person might apply for any intellectual property rights in or outside India for any discovery based on study or knowledge on an Indian natural reserve without obtaining former consent from the NBA.<sup>418</sup> The act provides a structure for property rights which seeks to be very firm on the issue of access to biological resources outside India. The legislation also provides for the structure of profit to be shared with the people responsible for developing, improving and using this technology from the commercial use of TK.<sup>419</sup>

#### B. The Patent Act, 1970

For the security of technological solutions which are scientifically relevant and uniformly new and require a creative stage, the patent act comes into play. For example, patents may be removed for genetic resources and TK for goods which are inaccessible, synthesised or produced from genetic structures, micro-organisms and plants or animals or organisms subsisting in environment. Patent protection is granted for processes associated with the exercise and utilization of those assets, and moreover for processes known to indigenous areas which meet the same requirements.

#### C. The Copyright Act, 1957

Copyright preserves the method of speech and expression and not the ideas themselves. The holder of the copyright is sanctioned to carry out any of the actions laid down under section 14 of the Copyright Act, 1957. Copyright can be used to shield TK holders' imaginative demonstration, especially artists belonging to indigenous and indigenous groups, from illegal reproduction and misuse of such demonstrations. The relationship between the creators / artists / authors and their work are being dealt under moral rights.<sup>420</sup>

#### D. The Protection of Plant Varieties and Farmer's Rights Act, 2001

<sup>&</sup>lt;sup>418</sup> Biological Diversity Act, Section 3, 4 & 6; Biological Diversity Rules, Rule 18 (2004).

<sup>&</sup>lt;sup>419</sup> Biological Diversity Act, Section 21.

<sup>&</sup>lt;sup>420</sup>The Copyright Act, Section 57.

This act came into effect from September 2001. This is the sui generis law drafted to comply with the requirement of the TRIPS agreement of WTO. The criterions under the plant varieties which are entitled for safeguarding are novel variety, current variety, chiefly derived variety and cultivator's variety. Farmers and tribal groups use conventional farming methods to cultivate and preserve different traditional range of crops. The idea of efficient profit-sharing agreement between the supplier and the recipient of plant genetic resources outlines the fundamental component of the act. A plant breeder's right (PBR) on a new variety can be attained by the plant breeder if it fulfils the decisive factors of distinct, stable, uniform and novel. PBR can also be obtained on traditional plant diversity.<sup>421</sup>

#### E. Geographical Indications of Goods (Registration and Protection) Act, 1999

TK is jointly held by local people, and GI is the most suitable form for safeguarding of Traditional Knowledge. A community in an exact locality is waged by the Geographical Indications of Products (Regulations and protection) Act. GI security is valid for 10 years, but it can be extended any number of times in order to safeguard GI for an infinite period of time. The methods of manufacturing products are evolving with time in order to give a better quality to the product. GIs can be used to shield traditional therapeutic products as well.

#### F. The Patents Act, 1970

There are about 100 million forest dwellers in India, most of whom belong to tribal groups, a little publicised reality about India. The forests provide sustenance for them, producing both timber and non-timber forest products. In essence, forest dwellers have accumulated knowledge of the natural world around their culture over the years. In one sense, this culture was thankfully separated from the ways of modern man and carried on the practises of its ancestors. The forests and their inhabitants, as a whole, offer India an abundance of information about the traditional value of various forest products. Traditional information will not be secured in the way intellectual property rights have been designed in modern trade. Traditional knowledge, for example, cannot be patented because, because of the intrinsic lack of creativity, such knowledge lacks imaginative character. Traditional expertise, rather than individual owners, is most retained collectively by communities. This traditional knowledge is information that is conveyed traditionally within the community or within families within the community in an oral form without proper documentation from generation

<sup>&</sup>lt;sup>421</sup>PPV& FR Act, Section 2(j).

to generation. This has caused the undervaluation and marginalisation of conventional expertise. In fact, one of the issues in these communities is that it would have been lost to the community through expropriation if the information were to be registered.

# V. INTERNATIONAL REGIME FOR PROTECTION OF TRADITIONAL KNOWLEDGE

The value of conserving information, originality and traditions of indigenous and local communities is gradually more recognised worldwide. A joint initiative by WIPO and the United Nations Educational, Scientific and Cultural Organization (UNESCO) was the first attempt in 1978, under the IP regime to shield traditional knowledge which led to the further fortification of expressions of folklore against unlawful exploitations and other detrimental conducts in 1982. With the adoption of the Convention on Biological Diversity (CBD) in 1992, the protection of conventional information has added growing concentration.

#### I. World Health Organization (WHO)

On 7<sup>th</sup> April, 1948, United Nations specialized agency for health called World Health Organization was set up. The contribution of the WHO in Traditional Knowledge narrates to its traditional medicine work. The objective of the WHO, as set out in its constitution, is to achieve the highest standard of health for all citizens, as the economic and commercial value of traditional knowledge, especially the knowledge of traditional medicine and medicinal plants, that has become increasingly recognized, with more and more WHO member states concerned about the need to protect it and ensure that any benefit gained from its usage is spread equitably.

WHO Traditional Medicine Strategy 2002- 2005 has four key components namely:

- Policy: Integration of traditional and corresponding or alternative medications into the national health system.
- Safety, competence and excellence: Provide estimation, supervision and support for successful regulation.

- Access: Ensure accessibility and affordability of TM/ CAM, together with vital herbal medications.
- Rational use: Encourage therapeutically- sound use to TM/CAM by suppliers and customers.

#### **B.** Convention on Biological Diversity (CBD)

On 5<sup>th</sup> June 1992, the Convention on Biological Diversity (CBD) got completed. It was the result of negotiations under the United Nations Environment Programme (UNEP) in Rio de Janeiro in 1992. The CBD, governed by the United Nations Environment Programme (UNEP), develops standards for the conservation of the environment while ensuring continuing economic growth, stressing biodiversity conversation, sustainable use and unbiased allocation of the profits of the use of hereditary assets.

The significance of the conventional use of genetic assets in the sustainable protection of biological diversity is also acknowledged by the CBD. It ascertains right to use the biological transfer from developing countries and emphasizes that the conservation and sustainable use of biodiversity must not hinder with IPRs.<sup>422</sup> Similarly, provisions related to promotion, creation of trade and use of indigenous and traditional information and machinery in the will of the CBD are also integrated.<sup>423</sup>

#### C. World Intellectual Property Organization (WIPO)

WIPO's work on TK and folklore began in 1978 when, WIPO created the Sui generic model for national folklore protection in cooperation with UNESCO. In 1998, WIPO commenced a new proposal, including a fact-finding contact mission to 28 countries in IP and TK, which formed a global study on the needs of IP and objectives of TK holders. At its 26th meeting, the WIPO General Assembly set up the IGC. It has also done an admirable job for producing a remarkable variety of documents, including the model clauses for contracts on genetic resources, the Conventional Information Security documentation toolkit, and effort on

<sup>&</sup>lt;sup>422</sup>Daniel Gervais, "The Trips Agreement: Drafting History and Analysis", 4th Ed. (Sweet & Maxwell), 2012.

<sup>&</sup>lt;sup>423</sup>G Chin Khan Muan, "*Traditional Knowledge and Convention of Biological Diversity*", available at http://www.aippfoundation.org/R+ID/TK%20&%20cbd.pdf.

fundamentals of a potential sui generis scheme for the security of traditional knowledge.

# VI. <u>INADEQUACY OF THE LEGAL SYSTEM THAT ADDRESSES</u> <u>TRADITIONAL KNOWLEDGE</u>

## A. <u>GENERAL ISSUES RELATING TO THE PROTECTION OF TRADITIONAL</u> <u>KNOWLEDGE</u>

Devolution, encroachment, bio prospecting rush, the absence of adequate legal structure and a clash of systems all make conventional information highly vulnerable to bio piracy. In general, conventional information is related to natural assets and is invariably an indescribable aspect of such natural reserve. With the offering of procedure / indication for budding useful methods and processes for the advantages of humans, TK has the potential of being converted into commercial benefits. The developers or holders of such TK should receive a share of reward gained from it. Some countries have detailed acts which protect this form of knowledge, whereas some other countries believe that such knowledge are shielded by their current IPR regime. At present, India does not have an exact sui generis statute to protect such TK and folklore; but is in the process of constructing such statute.

**Neem:** Over century, a tree that is renowned in India has been for the purpose of bio pesticide and medicine. The Neem tree and its medicinal healing properties have been mentioned in ancient Indian Ayurveda texts. The Europium patent office (EPO) withdrew its patent number 436257 issued to the United States of America and to the cosmopolitan business W.R. Grace for the Neem tree insecticide extracted from the seed. Despite Neem's ancient tradition, over 12 US patents were recently taken out Neem based emulsions and solutions .

**Turmeric:** In 1993, the U.S. PTO issued patent rights to the University of Mississippi Medical Centre, to cure a wound by applying turmeric to a wound-afflicted patient. An application intended for re-examination of the issued patent was filed, along with nearly 2 dozen mentions, which upshot in early success.

**Rice:** A patent granted by the USPTO to an American company called Rice Tec for 'Basmati rice grains' was another case that created a lot of chaos. In India and Pakistan, Basmati rice is

a sweet-smelling variety of rice that is usually grown. The grant of this patent created multitude IP issues besides that under the patent law i.e., under trademarks and geographical indications. With proclamations from two scientists, along with numerous periodicals on Basmati rice and the research carried out on rice in India, a re-examination request was filed, one of which made the USPTO understand that Rice Tec's core claims were not evident.

#### B. CONSENT AND BENEFIT SHARING

Traditional information is used without the permission of the indigenous peoples or societies that have originated it and lawfully manage it, and without appropriate contribution of the profits from such use. Usage of the current IPR system: -The starting point ought to explore the opportunity of using the exciting IPR system more resourcefully so as to safeguard the traditional knowledge of local public and communities.

# VII. <u>APPROACHES FOR THE PROTECTION OF TRADITIONAL</u> <u>KNOWLEDGE</u>

In current scenario of Intellectual Property Rights (IPR) regime, conventional information can be protected by two means: constructive Protection and protective Protection. Distinctions between defensive and positive intellectual property protections are not watertight.<sup>424</sup> So both methods should be inefficient way to preserve conventional information.

**Constructive Protection:** This allows TK holders the right to take action against any abuse of conventional information or pursue remedies. The positive defense scheme for conventional information must provide for:

- Quality approval and endorsement of admiration for traditional systems of information.
- Receptiveness TK holder's real wants.
- Oppression of misuse of traditional knowledge and other unfair and unfair exercises.

<sup>&</sup>lt;sup>424</sup>Bala Anu, "*Traditional Knowledge and Intellectual Property Rights: An Indian Perspective*" (November 1, 2011) available at <u>https://ssrn.com/abstract=1954924</u>.

- Justification of tradition-based modernization and ingenuity.
- Support of conventional structures of information and empowerment to holders of traditional knowledge.
- Promoting the allocation of equal profit through the use of conventional information.
- Promotion of a bottom-up approach to expansion by means of conservative proficiency.

**Protective Protection:** This gives fortification from unlawful intellectual property rights attained by third parties over conventional information. Any defensive defence scheme for conventional proficiency must provide for:

- The criteria defining relevant prior art apply to the traditional knowledge.
- A mechanism to ensure that the traditional knowledge constituting prior art is available and accessible to search authorities.

These two methods are suggested to be applied in a complementary manner, as a holistic approach for the security of traditional information.

There are some initiatives taken by the Government to protect traditional knowledge which are as follows: -

**Beej Bachao Movement:** In 1995, in affiliation with the residents of Jardhar in Teri Garhwal district of Uttar Pradesh, the NGO Kalpavriksh commenced a movement to trace the diversity of indigenous seeds and conservation practices by the local community.

**Honey Bee Network:** Honey Bee Network has the world's largest grass-root novelty database. SRISTI (Society for Study and Initiatives for Sustainable Technology & Institutions, Ahmadabad) runs this network. The goal is to promote popular innovation, to protect IPRs for small innovators and to ensure that original innovators and information providers get the profit out of it.

**National Innovation Foundation (NIF):** NIF was established in Ahmadabad on February 2000 by the Department of Science and Technology of the Government of India and acts as a team with the Honey Bee Network. The aim of the NIF is to provide institutional support for the scouting, spawning, safeguarding and scaling-up of grassroots technologies, as well as outstanding TK, and to support their transition to self-supporting activities. It offers an

opportunity to promote innovators who, without or with no government or business assistance, have solved a technical problem through their own intelligence.

**Gujarat Grassroots Innovations Augmentation Network (GIAN):** In order to conduct marketplace scrutiny, GIAN selects discovery from the Honey Bee Network catalog. It establishes ties with institutions for structural design, research and enlargement in order to increase the technical efficiency of originality. It helps to test the products and to establish a market-launch approach. This is an attempt to respect and reward technical innovators and conventional knowledge experts from the grassroots.

# VIII. <u>SUGGESTIONS TO ENSURE EFFECTIVE PROTECTION OF</u> <u>TRADITIONAL KNOWLEDGE</u>

- National and international regulatory frameworks should be developed and used in the intellectual property system to ensure lawful right to use to hereditary resources and conventional proficiency.
- It is important to preserve and improve political and legal suppleness in the current international frameworks and conciliation to design and accomplishment of constructive and protective arrangement to safeguard conventional information.
- Wide and successful involvement in all discussions and agreements on genetic resources and cultural information by indigenous and other local communities.

### IX. <u>CONCLUSION</u>

After analyzing the various aspects of TK, it is found that, while on one hand TK is the cultural backbone of any country; it is also a valuable resource that needs to be harnessed to bring about economic prosperity. However, it is important that the delicate balance between protecting the rights of the indigenous communities, and the benefits arising out of the commercialization of developments over such TK, not be disturbed in order to make socio-economic harmony.

In India, where enough measures have been taken towards protection of TK; the vast growing needs of the people of India and the limited investment opportunities have turned TK into a

dormant gold mine that is just waiting to be harnessed.

Thus, without prejudice to the rights of the indigenous people and with respect to cultural heritage of India, commercial entities should slowly tap into the vast ocean of TK to meet the growing requirements of people of this country. Also, with the current laws providing for promotion of both community rights as well as providing for a patent conducive environment, the benefit sharing agreement should be strategically encouraged to maintain the balance between TK holders and inventors.



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# GRANTING OF COMPULSORY LICENSES AMIDST COVID-19 PANDEMIC: A NECESSITY OR THREAT?

Pauravi Kolhe<sup>\*</sup> & Mansi Jain<sup>\*\*</sup>

## ABSTRACT

The outbreak of Coronavirus has ripped the world apart causing havoc in the public. Many laboratories and pharmaceutical companies around the world are striving to find a treatment for COVID-19 and more clinical trials are conducted for the same. On the other hand, some of the countries have already started working on the legal mechanisms to acquire the treatment or vaccine through compulsory licensing affordably and easily without any intellectual property right constraints. The ongoing debate concerning compulsory licensing during the COVID-19 pandemic led to the fundamental issues discussed in the article. The concept of compulsory licensing is accompanied with various stumbling blocks starting with the grounds under which it can be given to the legislative framework. For the legality of compulsory licensing, this article explores various international patent regimes for compulsory licensing including the TRIPS agreement and the Doha Declaration. Further, the article provides an introduction to the issues between the capitalist and socialist for the grant of compulsory licensing. It is observed that both the parties have a firm footing and strong contentions in their favour relating to the issuance of compulsory licensing. Primarily, the capitalists emphasize on how intellectual property rights work as an incentive for them whereas as the name suggests, the socialists or the government focuses on the social welfare and wellbeing of its citizens. This article also discusses the innovative initiatives and measures taken by various organisations and countries amidst the coronavirus outbreak. The

<sup>\*</sup> PAURAVI KOLHE, 3<sup>rd</sup> Year Law Student, Gujarat National Law University, Gandhinagar, Gujarat- 382007.

<sup>\*\*</sup> MANSI JAIN, 3<sup>rd</sup> Year Law Student, Gujarat National Law University, Gandhinagar, Gujarat- 382007.

article concludes with the view that the public welfare and wellbeing is of utmost priority and not only effective steps must be taken to provide accessible and affordable medicine/vaccine to the people during these uncertain times but also the interest of pharmaceutical companies should not be totally ignored.

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### I. <u>INTRODUCTION</u>

The spread of coronavirus has abruptly brought the world to a halt. The last few months have been entirely unexpected; a panic caused worldwide by curfew announcements, hundreds of people were seen fighting for the last piece of food available inside the supermarkets and grocery stores; dearth of medical supplies and thousands of people infected and dead by a virus that was discovered nearly nine months ago. Moreover, this pandemic has hit the economy badly; millions of workers and employees have been furloughed, businesses and small organisations have shut down, many big companies have closed their outlets and some of them have declared themselves bankrupt. But one of the sectors which have not been affected during these uncertain times, is the pharmaceutical sector. Since the discovery of the virus, the pharmaceutical companies are racing to develop a vaccine at the earliest. With the surge in COVID-19 cases, the developing countries will require a considerable amount of vaccines once developed.

One of the risks to pharmaceutical companies and researchers, as the research on coronavirus progress, is the concept of Compulsory Licensing. Considering the seriousness of the health issues and the economic pressure, it is no surprise that the issue of compulsory licensing has come to light in a number of countries. The concern of almost every country is to ensure that the exclusive rights do not deprive them from producing enough medicine to curb the virus and provide the vaccine to all the people at a reasonable rate.

Compulsory Licensing refers to the grant of patent or copyright licenses by the government to the companies or individuals other than the owner without his consent, for the said purpose of substantial utilisation of the protected right. It is one of the relaxations mentioned in the World Trade Organisation's (WTO) agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

In this article, we shall be focusing on the concept of the international patent regime for compulsory licensing, contrasting perspectives of capitalists and socialists and initiatives taken to battle against COVID-19.

# II. <u>INTERNATIONAL PATENT REGIME FOR COMPULSORY</u> <u>LICENSING</u>

In 1995, the adoption of the WTO's TRIPS agreement along with the 2001 WTO's Doha Declaration on the TRIPS Agreement brought significant changes at a global standard, since most countries are members of the WTO. These agreements grant all the WTO member countries the right to issue compulsory licenses on patented medicines and other health related inventions.

#### A. TRIPS AGREEMENT

The Annex 1C of the Marrakesh Agreement<sup>425</sup> provides for the TRIPS Agreement, establishing the WTO, signed in Marrakesh, Morocco in 1994. The TRIPS Agreement provides an international law framework for the member countries of WTO to grant special compulsory licences exclusively for the production and export affordable generic medicines to other members that cannot domestically produce the needed medicines in sufficient quantities.<sup>426</sup> The international community has reacted positively to the TRIPS Agreement. Prior to the adoption of the TRIPS agreement, most of the countries did not issue or implement product patents or limited patent holders' rights on essential goods such as medicines, since patents on such types of goods were widely considered against the public interest.

In 2001, WTO declared that all the members of WTO have the right to grant compulsory licences and have the freedom to determine the grounds upon which the compulsory licenses are granted.<sup>427</sup> Further, WTO has also affirmed that situations relating to public health crises, such as HIV/AIDS, malaria, tuberculosis and other epidemics can qualify as situations of national emergency or extreme urgency.

The expression "compulsory licensing" is not explicitly used in the TRIPS agreement. Conversely, the phrase "other use without authorization of the right hold" is used in the title of Article 31 of the agreement.<sup>428</sup> The compulsory licensing or government use of the patent

<sup>&</sup>lt;sup>425</sup> Marrakesh Agreement Establishing the World Trade Organization, Apr.15. 1994. 1867 U.N.T.S. 154.

<sup>&</sup>lt;sup>426</sup>TRIPS Agreement: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M.1197 (1994).

<sup>&</sup>lt;sup>427</sup> Declaration on the TRIPS agreement and public health, WT/MIN (01)/DEC/2 (adopted Nov. 14, 2001).

<sup>&</sup>lt;sup>428</sup>TRIPS Agreement, *supra* note 2, art. 31.

without the authorization of its right holder can only be done within the conditions mentioned in Article 31 to protect the well-founded interests of the right holder. It does speak about the situations like national emergencies, extreme urgency and anti-competitive practices as grounds, when some of the common requirements for compulsory licensing do not appertain, such as the necessity to seek a voluntary license first.<sup>429</sup> Article 27 of the TRIPS agreement provides a government to issue a compulsory license to a third party for the industrial production and importing of essential drugs in the situations of mortal-peril.<sup>430</sup> Also, Article 7 of the agreement states that the protection and enforcement of the intellectual property rights must contribute to the promotion of technological innovation in a manner favourable to the social and economic welfare, as well as to balance rights and obligations.<sup>431</sup>

However, since the ratification of TRIPS in 1995, the developing countries have been hesitant of their right to promote essential medicines. There were several conflicting notions as to how the developing countries would be able to exercise their rights relating to pharmaceutical patents. All the African members of the WTO were among the members pressing for elucidation. A significant part of this was resolved at the Doha Ministerial Conference in November 2001.<sup>432</sup>

#### B. <u>THE PITH OF DOHA DECLARATION</u>

In November 2001, the WTO'S Fourth Ministerial Conference took place in Doha, Qatar. The Doha Ministerial Declaration emphasized the importance of implementation and interpretation of the TRIPS agreement in a way that would promote public health- by promoting the access of the subsisting medicines and invention of novel medicines.<sup>433</sup> Therefore, an independent declaration on TRIPS and public health was adopted.

The question as to provide supplementary flexibility to the compulsory licensing, so that the countries which lack industrial production of the pharmaceuticals can receive the stocks of copies of patented drugs from other countries was put to further discussion before the TRIPS Council. This matter in most is recognized as the "Paragraph 6" issue as it is embodied under that paragraph in the Doha Declaration on TRIPS and public health. In 2003, the TRIPS Council announced its decision regarding the implementation of Paragraph 6 and reached on

<sup>&</sup>lt;sup>429</sup> Fact Sheet: TRIPS and Pharmaceutical Patents, Obligations and Exceptions, WTO (Sept. 2006).

<sup>&</sup>lt;sup>430</sup> TRIPS Agreement, *supra* note 2, art. 21.

<sup>&</sup>lt;sup>431</sup> TRIPS Agreement, *supra* note 2, art. 7.

<sup>&</sup>lt;sup>432</sup> The Doha Round, World Trade Organization (WTO) Fourth Ministerial Conference in Doha, Nov. 2001.

<sup>&</sup>lt;sup>433</sup>Doha WTO Ministerial Declaration 2001, WT/MIN (01)/DEC/1 (adopted Nov. 14, 2001).
a temporary waiver.

Article 31(f) of the TRIPS agreement provides that a compulsory license can be exercised principally for the supply of the domestic market of the member country.<sup>434</sup> The WTO General Council in August 2003, announced a waiver to the obligations of exporting countries under Article 31(f) in respect to the granting of compulsory license to a patented drug and export to an eligible importing member country under the mentioned terms.<sup>435</sup> Since then, the TRIPS Council has been reviewing the Paragraph 6 system annually and submits the reports to the WTO General Council regarding the implementation and usage of the system. Therefore, Paragraph 6 of the Doha Declaration was an attempt to ease the access of affordable medicines and to provide suppleness to the restrictive provisions of TRIPS agreement.

#### III. <u>CONTRASTING PERSPECTIVES OF CAPITALISTS AND SOCIALISTS</u>

In today's global economy, where there is no water-tight division, there always exist conflicts between the government and business or companies. There has been one or the other governmental procedural work from the beginning of the business to its winding up, giving certain powers to the government over them. Likewise, the TRIPS agreement empowers the government to grant compulsory licensing to innovative and patent protected products in the circumstances specified by the countries in their national or local laws.

Since the WHO declared coronavirus outbreak as a pandemic<sup>436</sup>, the pharmaceutical companies have upsurge in developing vaccines and medicines to deal with it. The most common discord in the innovation policy is the strife between the company's incentive to innovation and their intellectual property rights and the government's liability to provide accessible and affordable products to the public during the times when the whole world and especially the middle and low- income households are struggling for their basic needs. The pharmaceutical companies are the major contributors in the health care sector. They are incentivised towards inventing new forms of medicines and vaccines through intellectual

<sup>&</sup>lt;sup>434</sup>TRIPS Agreement, *supra* note 2, art. 31(f).

<sup>&</sup>lt;sup>435</sup>Implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and public health, WT/L/540 and Corr. 1 (adopted Sept. 1, 2003).

<sup>&</sup>lt;sup>436</sup> Tedros Adhanom Ghebreyesus, WHO Director-General, Opening remarks at the media briefing on COVID-19 (March 11, 2020).

property rights protected by the World Intellectual Property Organisation (WIPO) and administered by laws of the respective countries.

The policy makers won't be reluctant to stimulate compulsory licensing in the Intellectual Property (IP) laws but the burden lies in having a provision which gives no scope or little scope for controversy or different interpretation, and operating compulsory licensing in a way that stabilizes the interest of all the parties involved. The challenge is to balance the interest of both the issuing authority, i.e. the government and the patentee.

#### A. <u>CAPITALIST'S PERSPECTIVE</u>

The role of the government is to take care of all the stakeholders of the society and the pharmaceutical companies majorly contribute to the economy. They work towards providing efficient and effective remedies to the diseases through various vaccines and technologies, especially during major outburst of viruses such as COVID-19. The incentive for the companies in this sector is the intellectual property rights that they get for their hard work and hence their side must be listened to before granting compulsory licensing:

#### 1. High risk and huge cost involved

The research and development based pharmaceutical companies are in an insecure and risky business where their business model basically relies on placing smart bets on imperfect market information.<sup>437</sup> The whole process from understanding a new disease to bringing an effective treatment to the patients is cumbersome and lengthy. Scientists and laboratories work to gather the basic cause of the disease, the potentially affected target, and it takes an average of 10-15 years to produce a new vaccine till it reaches the market.<sup>438</sup> Less than 12% of the drugs that entered clinical trials result in an approved medicine.<sup>439</sup> The clinical trial leaves behind a high percentage of new drugs that fail to reach the market and these imply huge financial losses for the pharmaceutical companies.<sup>440</sup>

In a survey conducted among 10 pharma companies, it was found that the investment costs

<sup>&</sup>lt;sup>437</sup>Ruth Levine, Alice Albright, *Making Markets for Vaccines: Idea to action*, Report of the Center for Global Development Advance Market Commitment Working Group, 11, (2005).

<sup>&</sup>lt;sup>438</sup>The Pharmaceutical Company and Global health: Facts and Figures, IFMPA (Nov, 2011) <u>https://www.ifpma.org/wp-</u>

content/uploads/2016/01/2011 The Pharmaceutical Industry and Global Health low ver2.pdf.

<sup>&</sup>lt;sup>439</sup> Pharmaceutical Research and Manufacturers of America, 2016 biopharmaceutical research industry profile, (2016), <u>http://phrma-docs.phrma.org/sites/default/files/pdf/biopharmaceutical-industry-profile.pdf</u>.

<sup>&</sup>lt;sup>440</sup>Erika Buonansegna&SørenSalomo& Anja Maier & Jason Li-Ying, *Pharmaceutical new product development: Why do clinical trials fail?*,(2014).

involved are huge for a new medicine or vaccine, it was estimated to be more than \$800 million up to the stage of regulatory approval.<sup>441</sup> Here, the companies take huge risks with the high probability of uncertain results and invest a fortune of their money in order to make drugs for public health care.

#### 2. Intellectual Property Rights acts as an incentive

Patents are a form of intellectual property that provides monopoly to the inventor and gives him exclusive right over his property. It allows the patentee to restrict others to commercially exploit his invention for a limited period of time in order to recover the cost of developing the product and then to enjoy the profit from the invention.<sup>442</sup> It means that the invention cannot be commercially used, made, distributed, imported or sold by others without the consent of the patent owner.<sup>443</sup> The patent protection is granted for a limited period of 20 years from the date of filing the application.<sup>444</sup>

The process of developing a drug is timely and expensive, with a risk of failure as mentioned above, the governments are bound to allow the pharmaceutical companies with secured protection rights and higher profit margin than that exist in a competitive system so as to prompt them to take the risks. The protection of intellectual property has empowered the pharmaceutical companies to innovate and develop more than 90% of the drugs available in the world.<sup>445</sup> If there had been no innovation and the rights safeguarding it, there would have been no new vaccines or medicines to cure dengue, malaria, HIV and the other diseases of the world.

The research and development of the pharmaceutical industry has increased because of the existence of property rights in the first place and the threat to use the compulsory license under the TRIPS agreement by the government discourages the patent holders and other companies in the pharmaceutical industry to take the risk and develop a vaccine that costed them a lot of investments. On one hand, the property protection rights incentivise the

<sup>&</sup>lt;sup>441</sup>Joseph A. DiMasi& Ronald W. Hansen & Henry G. Grabowski, The price of innovation: new estimates of drug development costs, JEL 151, (2002).

<sup>442</sup> ACS CHEMISTRY FOR LIFE, Global Patents: An Introduction to International Intellectual Property, https://www.acs.org/content/acs/en/acs-webinars/business-entrepreneurship/global-patents.html, (Aug. 14,2020).

<sup>443</sup>WORLD INTELLECTUAL PROPERTY ORGANISATION. Patents. https://www.wipo.int/patents/en/#:~:text=A%20patent%20is%20an%20exclusive.public%20in%20a%20patent %20application (Aug. 17, 2020).  $\frac{76}{444}$ *Id*.

<sup>&</sup>lt;sup>445</sup>Wayne Taylor, Pharmaceutical Access in Least Developed Countries: On the Ground Barriers and Industry Success, 8, 10 (2010).

companies to develop a vaccine and on the other hand, compulsory licensing takes away the liberty from the owners over their property which disheartens the investor and further dampens the investment and the will to research.

#### 3. Varied standards of National Health Emergency causes ambiguity

There is no standardised definition of national health emergency in the international law. Each country has its own definition for the same. Having a common definition among the countries is a difficult task since the countries have their own problems, diseases, and lifestyle. Each country has laid down various criteria for declaring a state emergency in their state. The term "Public Health Emergency of International Concern" (PHEIC) is defined in the International Health Regulations (IHR) (2005) as "*an extraordinary event which is determined to constitute a public health risk to other States through the international spread of disease and to potentially require a coordinated international response*".<sup>446</sup> The companies are often threatened by the countries to lower the price of their medicine otherwise compulsory license is granted by arguing for national health emergencies.

#### 4. Local company's incompetence to produce the patented vaccine

While granting compulsory licensing, governments primarily focus on the need of emergency and often side-line the fact that compulsory licensing does not produce the anticipated result because of the lack of technical and infrastructure inability of the local factory. The two prominent cases where compulsory licensing was issued but did not turn out in the favour of the Government were in Thailand and Brazil. In January 2007, the Thailand Government issued compulsory licensing to a Thai Government owned producer of medicine. But the quality made by them was so worrisome that Global Fund to fight HIV/AIDS stepped in to contribute but alas it withdrew the fund three years later as the producer was unable to meet World Health Organisation's international quality standards.<sup>447</sup> Later, in the same year, Brazil gave compulsory licensing for a patented AIDS drug named Efavirenz. However, it turned out that the government owned manufacturer, Farraginous, was unable to manufacture the drug due to technical know-how and it took the manufacturer two years to supply the drug in

<sup>&</sup>lt;sup>446</sup>WORLD HEALTH ORGANISATION, WHO Guidance for the use of Annex 2 of the International Health Regulations, IHR (2010), <u>http://www.who.int/ihr/publications/annex\_2\_guidance/en/</u>.

<sup>&</sup>lt;sup>447</sup>K. M. Lybecker and E. Fowler, *Compulsory Licensing in Canada and Thailand: Comparing Regimes to Ensure Legitimate Use of the WTO Rules*, 37 JLME 222, (2009).

the market.448

From both the instances, it is clear that the quality of drugs produced by the local producers were inferior to that of the patent holder. These are the actual ground realities after the issuance of compulsory licensing.

## B. SOCIALIST'S PERSPECTIVE

Compulsory licensing is a global mechanism which is crucial to unrestrictive and collaborative research and development and encourages production and supply for leading diagnostics, therapeutics and vaccines. In order to address the unprecedented time of COVID-19 pandemic, collaboration at global level is required to promote developing and least developing countries to expand testing capacity and facilitate affordable access to certified treatments and vaccines.

The following are some of the favourable outcomes of compulsory licensing:

# 1. Compulsory licensing as a way out to ease the access of essential pharmaceuticals in developing and least developing countries.

Compulsory licensing allows countries to subjugate patent restrictions to ensure availability of affordable generic versions of essential drugs when the extreme situations such as epidemic or pandemic like COVID-19 befall. It helps in ensuring the availability of the life-saving medications by allowing the copies of medication to arrive in the market external to the normal distribution channels.

Patents, essentially the pharmaceuticals have been difficult to obtain for the developing and the least developing countries as they lack their own industrial infrastructure for the production. The data available shows that the market in the developing countries shares less than 20% of the total profits gained by the pharmaceutical companies.<sup>449</sup> Therefore, in such countries, the imminence of compulsory licensing supports the negotiations for a reasonable

<sup>&</sup>lt;sup>448</sup>Eric Bondy and Kamal Saggiz, *Compulsory licensing, price controls, and access to patented foreign products*, JEL 5 (2014).

<sup>&</sup>lt;sup>449</sup> Alberto do Amaral Junior, *Compulsory Licensing and Access to Medicine in Developing Countries*, https://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&articl e=1046&context=yls\_sela#:~:text=Greater%20use%20of%20compulsory%20licensing,specific%20needs%20o f%20each%20market.

price of the essential drug satisfactory to both the patent owner and the government.<sup>450</sup> It should be taken into consideration that the prices of the essential pharmaceutical products are fixed looking into the reality of the market in the developed economies. Therefore, compulsory licensing carries off undeniable social benefits, that is easier access to essential pharmaceutical products.

Relatedly, in 2007, Brazil granted its first compulsory license to manufacture and import a first line HIV medicine and became the first developing country to ensure the global access to Standard antiretroviral therapy (ART) through its National AIDS Program (NAP).<sup>451</sup> Through compulsory licensing of the HIV drug "efavirenz", Brazilian Ministry was able to provide discounts between 50 to 60% to its people.<sup>452</sup> The positive results of this compulsory licensing programme in Brazil have gained universal recognition. It demonstrated that the issues related to health-care should not be commercialized and that the advancement in the research and development must be available to all.

With the increasing reliance on compulsory licensing, the developing and the least developing countries have started to lower the prices below the patent holder would have charged, hence potentially saving lives and improving public health of millions of people.<sup>453</sup>

#### 2. Compulsory licensing helps in safeguarding the public interest

Public interest has been an extraordinary but incessant crucial factor for issuing of compulsory licenses. Compulsory licensing should be imposed in circumstances where the irrepressible adversity caused to the public outweighs the ensured benefits to patent rights holders.

Compulsory licenses issued on the basis of public interest are equivalent to those based on the adequate supply theory, but are only issued to govern the essential life-saving products

<sup>&</sup>lt;sup>450</sup>Muhammad Zaheer Abbas, *Pros and Cons of Compulsory Licensing: An Analysis of Arguments*, VOL. 3, NO. 3, INTERNATIONAL JOURNAL OF SOCIAL SCIENCE AND HUMANITY, (May, 2003), http://www.ijssh.org/papers/239-D00013.pdf.

<sup>&</sup>lt;sup>451</sup>Dirceu B. Greco & Mariangela Simao, *Brazilian Policy of Universal access to AIDS treatment: sustainability challenges and perspectives*, LIPPINCOTT WILLIAMS & WILKINS, (2007), https://www.who.int/hiv/events/artprevention/greco.pdf.

<sup>&</sup>lt;sup>452</sup>Brazil:10 Years of a Compulsory License on HIV Drug Efavirenz, MAKE MEDICINES AFFORDABLE, (July 16, 2020, 15:18 PM), https://makemedicinesaffordable.org/brazil-10-years-of-a-compulsory-license-on-hiv-drug-efavirenz/.

<sup>&</sup>lt;sup>453</sup> Robert C. Bird, *Developing Nations and the Compulsory License: Maximizing Access to Essential Medicines while Minimizing Investment Side Effects*, VOL. 37 ISSUE 2, JOURNAL OF LAW, MEDICINE & ETHICS, (June 1, 2009).

vital to the public. By enervating intellectual property rights on a limited scale, governments can ensure that the highest-value users are made available patents so that they can help in securing proficient societal innovation and progress. Hence, when the original patent right holders fail to commercialise their patents after a justifiable period of time, such patents shall be subject to the mechanism under compulsory licensing for the benefit and welfare of the society.<sup>454</sup>

One good example can be observed in Japan, compulsory licensing is granted when a patent has not been functioned for at least three years and where the functioning is particularly crucial for the public interest.<sup>455</sup> In the United Kingdom, public interest is recognized in the low-priced supply of the goods required in the production of food, medicines and surgical equipment.<sup>456</sup> Also, such licenses are permitted in the United Kingdom, when the original patent right-holder refuses to license its patent on reasonable terms or the refusal to patent license prejudices "*the establishment of development of commercial or industrial activities in the UK*".<sup>457</sup> Likewise, in Switzerland, lowering the prices of any patented good may righteously support an issuance of compulsory license.<sup>458</sup>

## **3.** Compulsory licensing inevitably necessary to deal with the situations of patent tyrannism

Patent tyrannism occurs through the strategic decisions made by the original patent holders, companies which are threatened by the new patented technologies which intend to block their entry into the market by dominating through their patent rights. In such a situation, the products would not only be suppressed or prorogued for them to come to the market, but would be presumably offered at higher competitive prices. As a result, welfare losses are incurred by the consumers when the original patent right holders suppress beneficial patents and overlook to use them on their terms. Patent tyrannism can obstruct or prevent progressive innovations and upgrades to original inventions that could contrary lead to prominent

<sup>455</sup>Tokyo Patent Act, 1959, art. 83, para. 1, art. 93, para. 1, No. 141,1959 (Japan), www.wipo.int/wipolex/en/text.jsp?file id=299486.

<sup>&</sup>lt;sup>454</sup> Neil S. Tyler, *Patent Nonuse and Technology Suppression: The Use of Compulsory Licensing to Promote Progress*, (Aug. 17, 2020, 18:45 PM), https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1548&context=penn\_law\_review

<sup>&</sup>lt;sup>456</sup>Cole M. Fauver, *Compulsory Patent Licensing in the United States: An Idea Whose Time Has Come*, VOL 8 ISSUE 3, NORTH-WESTERN JOURNAL OF INTERNATIONAL LAW & BUSINESS, (Winter 1988), https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1244&context=njilb.

<sup>&</sup>lt;sup>457</sup> Patents Act, 1977, c. 37, § 48(a)(3)(d), (United Kingdom)

<sup>&</sup>lt;sup>458</sup>Cole M. Fauver, *supra* note 32.

discoveries and developments.<sup>459</sup> Therefore, the major challenge posed by patent tyrannism is to fashion a pragmatic deterrence that would suit the realities of the present patent system.<sup>460</sup>

Compulsory licensing becomes ineluctable to deal with the circumstances of patent tyrannism. Such a mandate mechanism would gently reduce the incidents of patent tyrannism and convince companies to overcome the disputes between freezing patents.<sup>461</sup> With the development of an effective approach of compulsory licensing, governments of the developing and least developing countries may pressurize the patent-right holders to work the patent to optimum national advantage. The sheer threat of compulsory licensing for non-usage would likely decrease the prevalence of patent tyrannism and inactivity of persuading entities to overcome disputes and grant licenses based on their agreed prices.<sup>462</sup> Patent right holders who are unwilling to procure the necessary resources together to bring the essential products to market or fault to find a suited licensee shall be subject to compulsory licensing.

## 4. Opposition of compulsory licensing may awaken the thoughts of "neocolonialism"

The general critiques, sometimes accuse the current system of intellectual property rights as a proposition of one-sided endeavour. The developed countries which are able to prioritize patent discoveries and innovations are capable to financially support and develop a research infrastructure and therefore, benefit from robust patent protections.<sup>463</sup> However, the countries which lack these characteristics are not benefited thereby awakening the thought of neo-colonialism. Compulsory licensing provides a mid-way between the needs and developments of both: the developed and the developing countries. The opposition of compulsory licensing by the developed countries may raise the ideas of "neo-colonialism" as patent protection anomalously favours the developed countries as the developing or least developing countries have much lesser patents to guard.<sup>464</sup>

<sup>&</sup>lt;sup>459</sup>Neil S. Tyler, *supra* note 30.

<sup>&</sup>lt;sup>460</sup>Kurt M. Saunders, *Patent Nonuse and the Role of Public Interest as a Deterrent to Technology Suppression*, VOL.15 NO. 2, HARVARD JOURNAL OF LAW & TECHNOLOGY, (Spring 2002), <u>http://jolt.law.harvard.edu/articles/pdf/v15/15HarvJLTech389.pdf</u>.

<sup>&</sup>lt;sup>461</sup> *Id.* at 65.

 <sup>&</sup>lt;sup>462</sup>Eric Bond & Kamal Saggi, Compulsory Licensing, Price Controls, and Access to Patented Foreign Products, (Vanderbilt Univ. Dep't of Econ., Working Paper No. 12-00006, 2012).
 <sup>463</sup>Jennifer Bjornberg, Brazil's Recent Threat on Abbott's Patent: Resolution or Retaliation, VOL. 27 ISSUE 1,

<sup>&</sup>lt;sup>463</sup>Jennifer Bjornberg, *Brazil's Recent Threat on Abbott's Patent: Resolution or Retaliation*, Vol. 27 ISSUE 1, NORTH-WESTERN JOURNAL OF INTERNATIONAL LAW & BUSINESS, (Fall 2006), https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1646&context=njilb.

<sup>&</sup>lt;sup>464</sup> Sudhan R. Bagri & Nishtha Tiwari, *Compulsory Licensing in Relation to Pharmaceutical Sector in India*, VOL. 8 ISSUE 1, INTERNATIONAL JOURNAL OF INTELLECTUAL PROPERTY RIGHTS (IJIPR), (Jan-June, 2017), https://www.iaeme.com/MasterAdmin/uploadfolder/IJIPR\_08\_01\_001/IJIPR\_08\_01\_001.pdf.

## IV. INITIATIVES TAKEN AMIDST COVID-19 PANDEMIC

There have been above forty-two million cases of COVID-19 across the world as of 25<sup>th</sup> October, 2020.<sup>465</sup> The virus is increasing at an alarming rate and the WHO has warned of a potential uncontrolled resurgence in COVID-19 because of the premature lifting of social distancing.<sup>466</sup> There have been some initiatives that are being taken globally by various organisations in order to make the COVID-19 vaccine available to all. Firstly, the WHO, in May 2020, launched the COVID-19 Technology Access Pool (C-TAP) to assemble in one place all the pledges of commitment made under the Solidarity Call to Action to share the COVID-19 health related technology, knowledge, data and intellectual property.<sup>467</sup> Secondly, COVAX is a global collaboration co-led by Gavi, CEPI and WHO and it is working in partnership with developing and developed countries vaccine manufacturers.<sup>468</sup> It is aimed at speeding up the development of COVID-19 vaccines and treatment and to provide fair and equitable access to each country under the existing patent rules.<sup>469</sup> Till, 24th August, 2020, 80 countries submitted expressions of interest to protect their population as well as of other 90 lower income countries.<sup>470</sup> These 80 self-financing countries along with Gavi will share the financial risk relating to the vaccine development.

The Coalition of Epidemic Preparedness Innovations (CEPI) is an innovative global partnership between public bodies, private pharmaceutical companies, philanthropic and civil organisations to develop vaccines to stop future epidemics.<sup>471</sup> It was launched by the World

<sup>466</sup> WORLD HEALTH ORGANISATION, Coronavirus Disease 2019 (COVID-19) Situation Report)-91<u>https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200420-sitrep-91-COVID-</u> 19 pdf<sup>2</sup>sfvrsn=fcf0670b 4(Sept 04 2020)

<sup>469</sup> *Id.* 

<sup>&</sup>lt;sup>465</sup>WORLD HEALTH ORGANISATION, <u>WHO Coronavirus Disease (COVID-19) Dashboard</u>, https://covid19.who.int/ (Oct. 25, 2020).

 <sup>19.</sup>pdf?sfvrsn=fcf0670b
 4</u>(Sept. 04, 2020).

 <sup>467</sup>WORLD
 HEALTH
 ORGANISATION,
 COVID-19
 Technology
 Access

 Poolhttps://www.who.int/emergencies/diseases/novel-coronavirus-2019/global-research-on-novel-coronavirus-2019-ncov/COVID-19-technology-access-pool
 (Sept. 04, 2020).

<sup>&</sup>lt;sup>468</sup> WORLD HEALTH ORGANISATION, COVAX: Working for Global Equitable Access to COVID-19<u>https://www.who.int/initiatives/act-</u>

accelerator/covax#:~:text=COVAX%20is%20co%2Dled%20by,every%20country%20in%20the%20world (Sept. 05, 2020).

<sup>&</sup>lt;sup>470</sup>WORLD HEALTH ORGANISATION, 172 countries and multiple candidate vaccines engaged in COVID-19 vaccine Global Access Facility

https://www.who.int/news-room/detail/24-08-2020-172-countries-and-multiple-candidate-vaccines-engaged-in-COVID-19-vaccine-global-access-facility (Sept. 05, 2020).

<sup>&</sup>lt;sup>471</sup>CEPI, <u>https://cepi.net/about/whoweare/</u> (Sept. 06, 2020).

Economic Forum in 2017. Gavi is a relatively old partnership, launched in 2010 between WHO, UNICEF, the World Bank and the Bill and Melinda Gates Foundation to make vaccines available among them.<sup>472</sup>

Every nation is still looking for cures and ways to make them accessible and affordable for all. One of the ways to achieve this is by granting compulsory licensing and a few countries have already declared compulsory licensing as a part of their response to deal with the virus. In March 2020, Israel issued compulsory licensing for the import of generic versions of AbbVie's Kaletra from India for the purpose of treating the patients suffering from coronavirus.<sup>473</sup> It has also become the first country where compulsory licensing has been granted with regards to COVID-19.<sup>474</sup>

Also, to address COVID-19, some countries such as Canada, Ecuador and Chile have laid down legal groundwork for the issuance of compulsory licensing. Legislature in Canada amended the Canada Patent Act due to the current COVID-19 Emergency Response Act in order to allow for a speedier process for granting compulsory licensing on the public health grounds. In Chile, a resolution has been passed which states that COVID-19 is a sufficient ground to grant compulsory licensing for the affordable and accessible use of the vaccines and technologies related to it.<sup>475</sup> Similarly, a resolution has been passed in Ecuador which requires the President and the health Minister to use compulsory licensing to provide for free and accessible treatments, diagnostics and preventive technologies.<sup>476</sup>

The COVID-19 vaccines are still either under development or some have been to the clinical trial stage. Before such a vaccine is available which works for the COVID-19 patients, it is important for the countries to take the appropriate legislative steps to prepare as quickly as possible.

<sup>&</sup>lt;sup>472</sup>GAVI, <u>https://www.gavi.org/our-alliance/about</u> (Sept. 06, 2020).

 <sup>&</sup>lt;sup>473</sup>Francois Pochart, Mathilde Rauline, Océane de La Verteville, Compulsory Licensing granted by public authorities : an application in the COVID-19 crises in France?, KLUWER PATENT BLOG (Sept. 08, 2020, 08:43 PM), http://patentblog.kluweriplaw.com/.
 <sup>474</sup> Id

<sup>&</sup>lt;sup>475</sup>Hilary Wong, *The case for Compulsory Licensing during COVID-19*, 10 J. GLOB. HEALTH, 3, (2020). <sup>476</sup>Id. at 4.

## V. <u>CONCLUSION</u>

The unprecedented situation meted out by the novel coronavirus has represented a global challenge to crucial security interests of all countries. The Constitution of the WHO states that "the health of people is fundamental to the attainment of peace and security and is dependent upon the fullest cooperation of individuals and states".<sup>477</sup>

Access to generic medicines, vaccines, diagnostics and medical apparatus and resources to produce them are all inevitable to battle COVID-19. However, it must be taken care that any trading or commercial interests backed by the ownership of the intellectual property rights on those essential technologies must not supersede over saving lives and safeguarding human rights. Nevertheless, sometimes this premise is overlooked where disequilibria in the development and discrimination are considered to be normal facts.

In this sensitive situation of COVID-19 pandemic, urgent need for global collaboration has arisen. With the help of a powerful mechanism like compulsory licensing, insufficient supplies of affordable generic medicines and procedures as well as prevention of expensive drug prices can be successfully palliated. The rewards guaranteed by the patent protection system are vital to support the constant innovations, however, exception lies under compulsory licensing for public health emergencies such as the present COVID-19 pandemic. Regardless, it also has to be ensured that the patent right holder is satisfactorily compensated for the efforts and hard work that has been put in developing such a medicine/vaccine, so that the innovations and further research is not discouraged. The fact that patent protection is an important incentive for researchers and innovators to produce inventions should not be ignored.

Therefore, in such a challenging situation, every other mankind endeavours, must be subjected to the necessity of preserving and safeguarding human life. The resource deficit in addressing the health challenges is enormous and inequality existing in health issues can be termed as the most intolerable kind of inequity. Therefore, it is a principal matter to remodel the world, where the principles behind the protection of intellectual property rights are well balanced with the public welfare with mechanisms such as compulsory licensing.

<sup>477</sup>WORLD HEALTH ORGANIZATION (WHO). CONST., Preamble, https://www.afro.who.int/publications/constitution-world-health-organization.



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## PATENT ANALYSIS OF GENETICALLY MODIFIED PLANTS

## Rowena Colette Dias\*

## ABSTRACT

Today's agriculture marketing has seen a great shift from traditional agriculture methods, as it relies on modern techniques, the most important being genetically modified (GM) plants. In order to have a commercially successful invention on GM plants, the existing patents in this area must be studied. Through this paper, the author has done a thorough patent analysis of GM plants, which can not only be adopted by businesses to invent a GM plant, but also by those providing advices on patents to businesses. The author provides the details of legal provisions applicable in India, United States and European Union, regarding the patentability of GM plants and aspects of enjoyment of patent rights. This paper provides a clear-cut understanding of the position of patented GM plants in the market, substantiated with a table of classification of the number of patents on GM plants. For an in-depth comprehension, the need and challenges on patenting of Gm plants have been laid down and practical examples of patents which have been granted and rejected have also been given. The author has concluded the paper by presenting an evaluation of patenting of GM plants.

<sup>\*</sup> ROWENA COLETTE DIAS, 5th Year, The National University of Advanced Legal Studies, Kochi.

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#### **Introduction**

Until few decades ago, cross breeding was the major method resorted to by farmers and cultivators across the globe, in order to obtain desired produce from plants, using certain desirable traits. But using this method can be undertaken only in instances where the plants involved belong either to the same species or species that are very closely related not to mention the time the whole process takes. It was to do away with this hindrance that genetically modified plants were introduced. A genetically modified (GM) organism is "an organism whose DNA has been modified in the laboratory in order to favour the expression of desired physiological traits or the production of desired biological products."<sup>478</sup> This method of modification done to plants are termed as genetically modified plants. The first GM crop or plant that was commercially sold was a GM tomato called Flavr Savr that was produced by Calgene, a Californian company. It was submitted before the United States Food and Drug Administration in 1992 and was later approved for safe human consumption in 1994.

By engineering the DNA of plants, scientists can and have transferred certain desirable properties of one plant to another despite the fact that the two plants may be of two entirely different species. Essentially, the genes in a GM Crop are artificially inserted as opposed to the plant having possessed said gene through the process of pollination. GM plants are advantageous in many ways, including greater yield, lower cost of farming as compared to ordinary crops, increased profit, greater resistance to insects, greater tolerance to herbicides and more nutritious as compared to ordinary crops.

A GM organism which is neither *found in nature nor is its activity exhibited in any naturally occurring organism*, satisfies the pre-requisites for patentability, as it is a product of human ingenuity having a distinctive name, character and use.<sup>479</sup> Patent analysis is done so as to understand the complete information of the patented product, including the technological and competitive aspects of information. Through analyzing patents on GM plants, details of the applicant and inventor, information on the citations to prior art, claims and geographical location, can be obtained. Business professionals, scientists and researchers make use of patent information in order to analyze patenting activity in a geographical area, technology or company, for determination of the direction of technological transformation and the relative

<sup>&</sup>lt;sup>478</sup> Julia M. Diaz, *Genetically Modified Organism*, BRITANNICA, <u>https://www.britannica.com/science/genetically-modified-organism</u>, (last visited on 17<sup>th</sup> June 2020). <sup>479</sup> Diamond v. Chakrabartv, 447 US 303 (1980).

technological scenario of the GM plant in a marketplace. Moreover, the inventive output of the organizations using the patented GM plants can be measured and the impact of these GM plants can be studied.

## **Requirements for granting patents on genetically modified plants**

## A. India

In India, the Patents Act, 1970 is the legislation dealing with provisions relating to granting of patents. Through an amended, the word "plants" had been omitted from the list of non-patentable subject matter.<sup>480</sup> An invention relating to GM plants can be patented on the following criteria:

- 1. Patentable subject matter: The Act contains provisions<sup>481</sup> listing out non-patentable subject matter, as long as the invention does not fall under this, it means it possesses patentable subject matter.
- Novelty: Novelty/ new invention is defined under Section 2(l) of the Act. Novelty of an invention exists, if it is neither in the public domain nor is same/ similar to prior arts. 'Anticipation' is lack of novelty, which is determined by various factors like prior publication, public knowledge, etc.<sup>482</sup>
- 3. Inventive step or non-obviousness: Inventive step is defined under *Section 2(ja)* of the Act as a feature of an invention involving technical advancement and economic significance, which is not an existing knowledge and the invention is not obvious to a person skilled in the art.<sup>483</sup>
- 4. Capable of industrial application: It means that the invention is capable of being made/ used in an industry.<sup>484</sup> Hence, the invention cannot exist in abstract and must have practical utility.
- 5. The invention related to the gene has required substantial human intervention and the gene is recombinant: As recombinant DNA constructs modified DNA and modified

<sup>&</sup>lt;sup>480</sup> Patents (Amendment) Act, 2002, S.4(d)(ii), No. 38, Acts of Parliament, 2002 (India).

<sup>&</sup>lt;sup>481</sup> Patents Act, 1970, S. 3 and 4, No. 37, Acts of Parliament, 1970 (India).

<sup>&</sup>lt;sup>482</sup> Patents Act, 1970, S.29 to 34, No. 37, Acts of Parliament, 1970 (India).

<sup>&</sup>lt;sup>483</sup> Patents Act, 1970, S. 2(*ja*), No. 37, Acts of Parliament, 1970 (India).

<sup>&</sup>lt;sup>484</sup> Patents Act, 1970, S. 2(ac), No. 37, Acts of Parliament, 1970 (India).

protein molecules are not discovered, but are developed in the laboratory and involves substantial human intervention, it will qualify as a patentable subject matter.<sup>485</sup>

6. The gene has been isolated by a human: A biotechnology product is considered patentable when there is substantial human intervention or human ingenuity in the invention, thus making a genetically modified gene or nucleic acid sequence patentable.<sup>486</sup>

The Protection of Plant Variety and Farmers Right Act, 2001 protects the creation of new plant varieties by a seed, biotech research company or an individual farmer. A transgenic plant variety is a plant variety that has one or more genes from a foreign organism incorporated in it by a biotechnology process. Plant varieties and seeds, including transgenic varieties and GM seeds that were excluded from the Patents Act stand protected under this Act.

Supreme Court held that genetically modified cotton seeds are patentable. Genetically modified seeds and plants should be patentable because the genetic method is man-made and does not exist in nature. These cannot be excluded under Section 3(j) of Patents Act as being essentially biological processes, since there exists significant human intervention.<sup>487</sup>

#### B. United States

In the United States, the Title 35 of the United States Code is the legislation dealing with provisions relating to granting of patents. An invention relating to GM plants can be patented on the following criteria:

- Useful: The utility requirement demands that the invention be useful at the time the patent is issued. An invention or discovery which is new and a useful process or machine or manufacture or composition of matter, or any new and useful improvement can be patented.<sup>488</sup>
- 2. Novelty: The invention should not have been published or in public use or publicly be available to the public before the effective filing date of the claimed invention. But, a disclosure made one year or less before the effective filing date of a claimed invention shall not be prior art or was disclosed by the inventor or joint inventor or someone connected directly or indirectly to them.<sup>489</sup>
- 3. Non-obvious subject matter: A patent may not be obtained if the subject matter to be patented and the prior art have only few differences, that the subject matter as a whole

<sup>&</sup>lt;sup>485</sup> Patents (Amendment) Act, 2002, S.4(b), No. 38, Acts of Parliament, 2002 (India).

<sup>&</sup>lt;sup>486</sup> Patents (Amendment) Act, 2002, S.4(b), No. 38, Acts of Parliament, 2002 (India).

<sup>&</sup>lt;sup>487</sup> Monsanto Technology LLC v. Nuziveedu Seeds Ltd., AIR 2019 SC 559.

<sup>&</sup>lt;sup>488</sup> United States Code Title 35, 1953, S. 101 (United States).

<sup>&</sup>lt;sup>489</sup> United States Code Title 35, 1953, S. 102 (United States).

would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.<sup>490</sup>

4. Best mode: The patentee should specify the description of the invention, manner and process of making and using it, and mention the best mode contemplated by the inventor for carrying out his invention.<sup>491</sup>

Companies often obtain utility patents on their GM plants as compared to plant patents, as utility patents cover inventions beyond plants, to include integration of novel, foreign DNA into the plant genome and the uniquely designed DNA and they have a stronger protection against infringement.

Supreme Court has held that utility patents provide more extensive protection for GMO plants, as it prohibits the replanting of seeds harvested from a licensed plant. Whereas plant patents allow licensees to sexually reproduce indefinitely, with few exceptions.<sup>492</sup>

#### C. European Union

In EU, the European Patent Convention is the legislation dealing with provisions relating to granting of patents. Directive 43 2001/18 / EC on deals with the cultivation, import and processing in industrial products of GMOs and Regulation44 of 1829/2003 deals with GM foods and feeds placed in the market. An invention relating to GM plants can be patented on the following criteria:

- 1. Patentable subject matter: The EPC contains provisions listing out what does not constitute as an invention, as long as the invention does not fall under this, it possesses patentable subject matter.<sup>493</sup>
- 2. Novelty: Novelty means the invention should be new and not be published or made available to the public on a prior date; An invention is new if it does not form part of the state of the art.<sup>494</sup>
- Non-prejudicial disclosures: A disclosure shall not be considered, if it occurred within six months prior to filing of application, due to an abuse in relation to applicant or was displayed at an official international exhibition.<sup>495</sup>
- 4. Inventive step: An invention shall be considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art.<sup>496</sup>

<sup>&</sup>lt;sup>490</sup> United States Code Title 35, 1953, S. 103 (United States).

<sup>&</sup>lt;sup>491</sup> United States Code Title 35, 1953, S. 112 (United States).

<sup>&</sup>lt;sup>492</sup> Bowman v. Monsanto Co., 569 U.S. 278 (2013).

<sup>&</sup>lt;sup>493</sup> European Patent Convention, Oct. 5, 1973, Art. 52.

<sup>&</sup>lt;sup>494</sup> European Patent Convention, Oct. 5, 1973, Art. 54.

<sup>&</sup>lt;sup>495</sup> European Patent Convention, Oct. 5, 1973, Art. 55.

Industrial application: An invention shall be considered as susceptible of industrial application if it can be made or used in any kind of industry, including agriculture.<sup>497</sup>

## **ASPECTS OF Enjoyment of patent rights**

- <u>Enforceability</u>: Patent is treated as a property right in India and US, which is enforceable in their respective whole territory. Patents grant the holder the right to prevent anyone from making, using or selling the invention in the Country. Whereas the European Patent Office (EPO) grants patents for the member states of the European Patent Convention. On filing an application, EPO grants the applicant, same patent rights in countries designated by him<sup>498</sup> and is hence referred to as a bundle of rights.
- <u>Publicly available invention</u>: Patent applications in European Union<sup>499</sup> and India<sup>500</sup> are rejected, if the invention is made publicly available by the inventor or one of the inventors or an independent third party, prior to the filing of the application. Whereas in US, a one-year grace period is granted, i.e., the inventor has the right to make his/her invention publicly available a year prior to filing of application.<sup>501</sup>
- <u>Granting of patent</u>: On fulfilling all criteria and removing objections to obtain patent, the controller will accept and advertise the invention in the official gazette. The patent granted will have seal of the Patent Office and the date of granting patent will be entered in the register.<sup>502</sup>
- <u>Term</u>: The term of protection available for patents shall not end before the expiration of a period of twenty years counted from the filing date.<sup>503</sup> But countries are not forbidden from providing patent-like rights with shorter terms, like utility models which are granted for six to ten years.
- <u>Patent term extension</u>: US and European Union have legislations granting PTE up to five years. This period is calculated by including Patent Term Adjustment in US.<sup>504</sup> In EU, the

<sup>&</sup>lt;sup>496</sup> European Patent Convention, Oct. 5, 1973, Art. 56.

<sup>&</sup>lt;sup>497</sup> European Patent Convention, Oct. 5, 1973, Art. 57.

<sup>&</sup>lt;sup>498</sup> European Patent Convention, Oct. 5, 1973, Art. 88.

<sup>&</sup>lt;sup>499</sup> European Patent Convention, Oct. 5, 1973, Art. 54.

<sup>&</sup>lt;sup>500</sup> Patents (Amendment) Act, 2005, S. 2(1), 29, 30 and 31), No. 38, Acts of Parliament, 2005 (India).

<sup>&</sup>lt;sup>501</sup> United States Code Title 35, 1953, S. 102.

<sup>&</sup>lt;sup>502</sup> European Patent Convention, Oct. 5, 1973, Art. 127; Patents Act, 1970, S. 2(*ac*), No. 67, Acts of Parliament, 1970 (India); United States Code Title 35, 1953, S. 261.

<sup>&</sup>lt;sup>503</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Art. 33.

<sup>&</sup>lt;sup>504</sup> United States Code Title 35, 1953, S. 156.

period is calculated from the end of lawful terms of the basic patent.<sup>505</sup> Whereas, India does not have any legislation granting PTE and till date there are no case laws awarding PTE to genetically modified plants.

### Position of patented genetically modified plants in the market

A wide range of claims are often admitted in relation to genetically modified plants, including genetic constructs and/or their components as well as modified cells and plants. The recent years have seen a change globally in the market position of patented genetically modified plants and seeds. The market three decades ago was constituted by thousands of players, whereas, now, two-thirds of the market is controlled by ten companies alone around the world.<sup>506</sup> These dominant companies are also the leaders in the pesticide and biotech market worldwide. The idea of patenting living materials was introduced by US in 1980s, which was followed by Western countries. The top 5 countries with the largest area of biotech crops planted (USA, Brazil, Argentina, Canada, and India) collectively occupied 91% of the global biotech crop area; Twenty-six countries planted 191.7 million hectares of biotech crops, which added 1.9 million hectares to the record of plantings in 2017.<sup>507</sup> The number of patents on plants worldwide has increased a hundredfold from just under 120 in 1990 to 12,000 today.<sup>508</sup>

In the United States, the investment on Research and Development in the agriculture industry has been as high as \$69 billion since 2013, which includes the technology on GM plants. But, due to vast patent claims and scope for high research, the innovations have remained within the big five. This has been proved by the fact that in 2009, the top three seed companies controlled 85% transgenic and 70% non-transgenic corn patents.<sup>509</sup> While Monsanto holds a notable fraction of seed patents, DuPont Pioneer holds more than half of active patents on GM plants and seeds. Other companies include Dow, Syngenta and Bayer. These companies spend around \$135 million and take more than seven years to produce a new GM plant. The

ISAAA,

<sup>&</sup>lt;sup>505</sup> Regulation (EC) No 1610/96, SPCs for Plant Protection Products, Art.13.

<sup>&</sup>lt;sup>506</sup> Stephen Greenberg, *Biotechnology, Seed and Agrochemicals: Global and South African Industry Structure and Trends*, 6 (2009), <u>file:///C:/Users/Admin/Downloads/ACB09-Biotechseedagrochemicals.pdf</u>.

http://isaaa.org/resources/publications/briefs/54/#:~:text=A%20total%20of%2070%20countries,Acquisition% 20of%20Agri%2Dbiotech%20Applications (last visited Aug.18, 2020).

<sup>&</sup>lt;sup>508</sup> DW, <u>https://www.dw.com/en/patents-on-plants-is-the-sellout-of-genes-a-threat-to-farmers-and-global-food-security/a-49906072 (last visited Aug.18, 2020).</u>

<sup>&</sup>lt;sup>509</sup> Ruchir Raman, *The impact of Genetically Modified (GM) crops in modern agriculture: A review*, ISSN: 2164-5698 GM Crops & Food: Biotechnology in Agriculture and the Food Chain 195, 203 (2017), https://www.tandfonline.com/doi/pdf/10.1080/21645698.2017.1413522?needAccess=true.

influence of these companies have led GM corn and soybean to constitute more than 90% of the market. They also hold 75% of the world's pesticides market.

Out of the 12000 patents on plants worldwide, 3500 are registered in Europe, which includes genetically engineered plants.<sup>510</sup> Biotechnology is an important industrial sector in the EU economy and it is one of the ten most active fields for applications, which constitutes around 4.9% of all applications filed in 2010. Around three hundred applications are filed annually on GM plants, as compared to only seventy applications annually on non-GM plants. But, GM plants constitutes only about 0.2%, out of all patent applications filed with the EPO.<sup>511</sup>

In India, the governments fund most of the agricultural research, as it is an emerging economy. The public sector Research and Development spending in agriculture has tripled in India from less than USD 1 billion to almost USD 3 billion. Though, India has progressed tremendously in GM crops research, evaluation and monitoring in last two decades, the regulatory system has impeded gravely as there exists lack of coordination and common stand between different governments, ministries and departments, when it comes to GM technology.<sup>512</sup> Despite lack of patenting, transnational companies have sought to commercialize agricultural biotechnology products in India.

<u>in mula, EO and OS.</u>					
Item	India		European Union		United States
	Since '70	Since '10	Since '98	Since '10	Since 2001
GM plants	3944	2611	4409	3490	4103
GM mustard	21	10	4	2	6
GM cotton/ Bt cotton	286	181	50	42	86
Soybean	90	59	1034	874	155
Corn	109	73	964	777	172
Canola	10	8	92	68	37
Papaya	24	20	37	32	7

Table classifying the number of published patents on genetically modified plants in India EU and US

<sup>&</sup>lt;sup>510</sup> No patents on seeds, <u>https://www.no-patents-on-seeds.org/en/background/problem</u> (last visited on Aug. 18, 2020).

<sup>&</sup>lt;sup>511</sup> EPO, <u>https://www.epo.org/news-events/in-focus/biotechnology-patents.html</u> (last visited on Aug. 18, 2020).

<sup>&</sup>lt;sup>512</sup> Manish Shukla, Khair Tuwair Al-Busaidi, Mala Trivedi, and Rajesh K. Tiwari, *Status of research, regulations and challenges for genetically modified crops in India*, ISSN: 2164-5698 GM Crops & Food: Biotechnology in Agriculture and the Food Chain 173, 173 (2018), https://www.tandfonline.com/doi/abs/10.1080/21645698.2018.1529518?needAccess=true#aHR0cHM6Ly93d 3cudGFuZGZvbmxpbmUuY29tL2RvaS9wZGYvMTAuMTA4MC8yMTY0NTY5OC4yMDE4LjE1Mjk1MTg/bmVIZEFjY 2Vzcz10cnVIQEBAMA==.

Flowering plants	79	49	9	6	1
Database from which	https://ipindiaservices.g		https://worldwide.espac		http://patft.uspto.gov/ne
information was	ov.in/publicsearch		enet.com/,		tahtml/PTO/search-
collected.			https://register.epo.org/		<u>adv.htm</u>
			<u>advancedSearch?lng=e</u>		
			<u>n</u>		

## Need to patent genetically modified plants

- <u>Recoup expenses</u>: On an average, a genetically modified plant costs \$136 million, due to its discovery, development, and authorization.<sup>513</sup> Such exceptionally high costs are covered by the profitability granted during the period of exclusivity, where the patent holder does not have to worry about unfair competition. As improving agriculture leads to high costs, the same is often avoided. But by giving patent rights, companies and individuals are willing to invest time and money in the same.
- <u>Spur innovation</u>: Patent protection to GM plants is significant to the development of grain-producing nations as farmers rely on it. In the U.S., for example, more than 90 percent of corn and soybeans are GMO.<sup>514</sup> Most companies enter into a race to bring out the best useful GM plant.
- <u>Beneficial to public</u>: These GM plants are an effective and cheap solution to feed the world. As they are resistant to diseases, it specially benefits low-socioeconomic regions like Africa which are dependent on crops like bananas to survive. On patenting, companies can innovate more and bring more of these products to market.<sup>515</sup> Upon the expiry of the patent granted to GM plants, the same becomes a public knowledge and companies, farmers, etc. can develop improved versions of the GM plant and be mass-reproduced, thereby making it beneficial to the public.
- <u>Novelty</u>: Genetically modified plants undergo sufficient alteration of the base organism and thus turn into a form of manufacturing for a novel use. They are altered in such way so as to be resistant to disease and climate change.

 <sup>&</sup>lt;sup>513</sup> Wen Zhou, *The Patent Landscape of Genetically Modified Organisms*, SITN HARVARD UNIVERSITY (Aug.12, 2020, 5:51 PM), <u>http://sitn.hms.harvard.edu/</u>.
 <sup>514</sup> Jorge Fernandez-Cornejo, Seth Wechsler, Mike Livingston, and Lorraine Mitchell, *Genetically Engineered*

<sup>&</sup>lt;sup>514</sup> Jorge Fernandez-Cornejo, Seth Wechsler, Mike Livingston, and Lorraine Mitchell, *Genetically Engineered Crops in the United States*, 162 USDA Economic Research Report, 9, <u>https://www.ers.usda.gov/webdocs/publications/45179/43668 err162.pdf</u>.

<sup>&</sup>lt;sup>515</sup> Malathi Lakshmikumaran, *Genetically Modified Plants: The IP and Regulatory Concerns in India*, SPRINGER LINK (Sept. 07, 2019), <u>https://link.springer.com/chapter/10.1007/978-981-13-8102-7\_16#citeas</u>.

- <u>Reduced pollution</u>: By using the Bt corn and soy which have in-built pesticides, the farmers can avoid the excess usage of herbicides and pesticides.
- <u>Patents are finite</u>: On expiry of the patent, the invention enters the public domain which can be accessed for further research and development by anyone. For instance, Okanagan Specialty Fruits used Monsanto's expired patent to develop a non-browning apple.<sup>516</sup>

## **Challenges on patenting genetically modified plants**

- <u>Bio-piracy</u>: It is the private appropriation of public biological resources. The original seed required to develop a genetically modified crop technically comes from farmers. The patenting of such plants causes monopoly, which in turn undermines farmers' choice. These patents are used to prohibit outside scientific research into the plants.<sup>517</sup> Before patents, there was a lot of innovation that came out of trading germplasm and now the invention by many leads to lack of access to each other's programs.
- <u>Stifles innovations</u>: Patent holders are given the right to restrict other individuals, companies and farmers from researching on their GM plants. Some companies allow academic researchers access to their GM plants through licenses.
- <u>Restricts breeding</u>: Most companies require farmers to sign a contract which prohibits them from breeding the plant.
- <u>Consolidation of seeds</u>: The top 10 seed companies made nearly 200 acquisitions between 1996 and 2013, as the easiest way for large companies to enter into the market was to buy seed companies and attach their GM traits to those seeds.<sup>518</sup> The top three being Monsanto, DuPont and Syngenta are now in control of over half the industry.
- <u>Restricts choice</u>: Farmers' choices are restricted and they are forced to buy either GM plants at high prices, when they require conventional plants or plants with more than one GM trait, when they require only one. Eg: In North Dakota, farmers who grew soybeans were unable to access conventional soybean after the availability of GM soy. They were only able to access some old varieties which lacked disease resistance. Though North

<sup>&</sup>lt;sup>516</sup> Allison Baker, Artic Apples: A fresh new take on genetic engineering, SITN HARVARD UNIVERSITY, (Aug.10, 2020, 7:37 AM), <u>http://sitn.hms.harvard.edu/</u>.

<sup>&</sup>lt;sup>517</sup> RESET.ORG: DIGITAL FOR GOOD, <u>https://en.reset.org/knowledge/privatisation-seeds</u> (last visited Aug.15, 2020).

<sup>&</sup>lt;sup>518</sup> QRIS, <u>https://qrius.com/seed-wars-and-monopolization-the-case-of-monsanto/</u> (last visited Aug.15, 2020).

Dakota State University bred soybeans which adapted to local conditions, it stopped developing new varieties, as it could not compete with the big companies.<sup>519</sup>

- <u>Does not cater to needs of the farmers</u>: Patent holders gain piles of money by forcing farmers to buy the seeds and plants developed by them. Companies would have focused on crops that the farmers cannot save seed for, had patent not existed. Roundup-Ready corn and soy, which can be sprayed with the herbicide glyphosate (used to kill weeds) and show no ill effects, are widely planted because farmers want them. For instance, farmers can grow roundup-ready corn and soy with the help of herbicides and saving seeds. But, Monsanto, through its patented GM plants force vast majority of farmers to buy it.<sup>520</sup>
- <u>Risk of being sued</u>: Companies like Monsanto, Syngenta, BASF and DuPont, often sue farmers for illegally growing their patented plants. But in reality, their fields would have been accidentally contaminated with patented GM crops due to wind, insects, etc., thereby putting farmers at risk of being sued.
- <u>Imbalance in economic power</u>: The food chain has been controlled by big corporates with their patented GM plants and its restrictions. They also control production of herbicides and fertilizers. Such patenting of genetic material by these companies have shifted the balance of economic power to themselves alone.

## **Examples of patents on genetically modified plants:**

## 1. Patents granted

## • PATENT NUMBER: 10557146<sup>521</sup>

Inventors: Caixia Gao, Yanpeng Wang, Jin-Long Qiu Current assignee: Institute of Genetics and Developmental Biology CAS Genetically modified plant: Wheat resistant to powdery mildew Number of claims made: 27 Number of patent citations: 9 Number of priority and related applications: 4

Patent abstract: Powdery mildew (Pm) is an important cereal disease and is caused by

<sup>&</sup>lt;sup>519</sup> IAPT, <u>https://www.iatp.org/news/monsanto-sues-nelson-farm-a-north-dakota-familys-frustrations-with-genetically-engineered-soybe</u> (last visited Aug.18, 2020).

<sup>&</sup>lt;sup>520</sup> Jordan Wilkerson, Why Roundup Ready Crops Have Lost Their Allure, SITN HARVARD UNIVERSITY, (Aug.17, 2020, 3:15 PM), <u>http://sitn.hms.harvard.edu/</u>.

<sup>&</sup>lt;sup>521</sup> UPSTO, <u>http://patft.uspto.gov/netacgi/nph-</u> <u>Parser?Sect1=PTO1&Sect2=HITOFF&d=PALL&p=1&u=%2Fnetahtml%2FPTO%2Fsrchnum.htm&r=1&f=G&l=50&</u> <u>s1=10557146.PN.&OS=PN/10557146&RS=PN/10557146</u> (last visited Aug. 20, 2020).

Blumeria graminis f. sp. tritici (Bgt) in wheat. The resistance responses towards Pm pathogen are genetically well characterized. The invention in hand is a genetically modified, mutant wheat plant which is resistant to Pm. A method to determine presence or absence of a mutant TaMLO-A1, TaMLO-B1 and TaMLO-D1 nucleic acid or polypeptide in a wheat plant is also invented. The TALEN-induced mutations in all three TaMLO homoeologs which are inherited and the simultaneous mutation of all three TaMLO homoeologs confers broad spectrum resistance to powdery mildew.

Thus, the invention relates to a genetically modified wheat plant comprising of a triple loss of TaMLO-A1, TaMLO-B1 and a TaMLO-D1 gene using targeted genome modification, having increased resistance to powdery mildew as compared to a wild type plant.

### • PUBLICATION NUMBER: 20090307801<sup>522</sup>

Inventor: Lilli Sander Jensen

Current assignee: Kobenhavens Universitet

Genetically modified plant: Novel phenotypes upon plants incorporating the SHI family gene Number of claims made: 52

Number of patent citations: 5

Number of priority and related applications: 8

Patent abstract: Improvement in plant quality and yield used to be attained through retardation. But, the increasing use of chemical retardants lead to potential health risks and hence have been banned. The present invention is an alternate to retarding plants. It is regarding novel genetically modified plant cells wherein short internodes (SHI) family gene is integrated into the nuclear genome. This is beneficial in ornamental plants or certain crop plants, as it reduces the height and improves the branching and flower set in plants. A foreign nucleic acid molecule encoding a SHI family gene is integrated into the nuclear genome of the genetically modified plant cell and it leads to an alteration in activity level of a SHI compared to non-genetically modified plant cells from wild type plants. Also, a foreign nucleic acid molecule encoding an antisense SHI gene, which is complementary to a SHI family gene, is integrated into the nuclear genome of the genetically modified plant cell. The invention also has a propagation material of genetically modified plants with at least one phenotypic trait among reduced height, increased branching, increased flower set, narrow leafs, reduced lateral root formation,

<sup>&</sup>lt;sup>522</sup> Google Patents, <u>https://patents.google.com/patent/US20090307801A1/en?oq=publication+20090307801</u> (last visited Aug. 21, 2020).

and reduced fertility.

Thus, through genetically modifying plants, alteration to plants are done without use of any growth retardants. The plant cells are genetically modified to confer novel phenotypes incorporating the SHI family gene. The invention discloses transgenic plants and methods for plant production, where the plants are dwarfed, but exhibit normal or increased flower set.

#### • PUBLICATION NUMBER: 20130060016<sup>523</sup>

Inventors: Claus Frohberg, Ralf-Christian Schmidt

Current assignee: Bayer Crop Science AG

Genetically modified plant: Plants that synthesize low amylose starch with increased swelling power.

Number of claims made: 24

Number of patent citations: 18

Number of priority and related applications: 9

Patent abstract: Starch is a nutritionally essential component for both humans and animals. Starch is an important storage material in plants and is closely related to polysaccharides and cellulose. Thus, the characteristics of food depends largely on the starch present in the plant tissue. This invention is an alternate to plant breeding methods of modifying starch producing plants by recombinant methods. It causes a genetic modification by introducing at least one foreign nucleic acid molecule into the genome of the plant, to encode a protein with glucan, water dikinase and enzymatic activity of starch synthase II. Monocotyledonous plant cells are genetically modified, due to which the modified starch is synthesized, rather than being isolated in a wild-type plant cell. The genetic modification of plant cell leads to regeneration of plants. Swelling power is important in processing starch in the food industry. A physically modified starch can swell even in cold water, as compared to negligible swelling power of natural starch in cold water. It is obtained by undergoing various processes including warming starch granules in the presence of excess water and obtaining a quotient from weight of resulting residue and amount of starch weighed. A swelling power of about 30 g/g is measured for acetylated waxy-rice starch and about 15 g/g for cross-linked waxy-rice starch.

Thus, the invention produces and provides methods and means for a modified waxy-starch

<sup>&</sup>lt;sup>523</sup> Google Patents, <u>https://patents.google.com/patent/US20130060016A1/en?oq=20130060016</u> (last visited Aug. 21, 2020).

with a change in functional characteristics and novel plant cells. The change of which is due to modified starch having an increased hydrothermal expansion power.

## 2. Patent rejected

• Application number: 2245/DELNP/2009<sup>524</sup>

Inventor: Plant Advanced Technologies PAT SAS

- Genetically modified plant: Process for the production of recombinant proteins using carnivorous plants
- Reason for refusal of patent: The claim was that the carnivorous plant can be used as a medium for production of the protein of interest. A process to genetically modify the plant by transformation and to express protein in the digestive secretion of the genetically modified plant, was the claim proposed by the applicant. The patent application was thus refused on the ground of **S.3(j) and S.3(h), Indian Patent Act, 1970, as** cultivation/ growing of the plant and harvesting of fluid from the trap is considered as a method of agriculture, which is not a patentable invention.
- Application number: EPO-T 1165/03<sup>525</sup>

Inventor: Monsanto Company

- Genetically modified plant: Particle-mediated transformation of soybean plants and lines
- Reason for refusal of patent: European Patent Office revoked the patent owned by Monsanto for the genetic modification of soybeans, on the ground that the technique lacked novelty. The first application for soybean patent was submitted in 1988 by US biotech company Agracetus. Monsanto acquired Agracetus in 1996, thus becoming the owner of the patent, which was due to expire in 2008. The idea of this patent was actively researched by several teams during the 1980s, one of which was Agracetus. Moreover, this technique was also used on onions in 1987. The patent was opposed on grounds of exclusions or exceptions to patentability as under Art. 52(2)(a) and 53(a)(b) of EPC,

<sup>&</sup>lt;sup>524</sup> INPASS, <u>https://ipindiaservices.gov.in/PublicSearch/PublicationSearch/PatentDetails</u> (last visited on Aug.22, 2020).

<sup>&</sup>lt;sup>525</sup> EPO, <u>https://www.epo.org/law-practice/case-law-appeals/recent/t031165eu1.html</u> (last visited on Aug. 22, 2020).

lack of novelty and inventive step as under Art. 54 and 56 EPC and insufficiency of disclosure as under Art. 83. It was concluded by the Board that the term "foreign gene" will not be interpreted by a skilled person as exclusively depicting genes from other species than soybean. Thus, the soybean cultivar/seeds which are disclosed as being resistant to cyst nematodes by having acquired the corresponding genetic determinant from another line of soybean is novelty-destroying to the subject-matter of the claim.

## <u>Evaluation and conclusion of analysis on patenting of genetically</u> <u>modified plants</u>

Today's agriculture marketing has seen a great shift from traditional agriculture methods, as it relies on modern techniques, the most important being genetically modified plants. The initial years of GM plants had least or no market position in most countries, unlike today, where manufactures of GM plants have occupied a dominant position in the market.

In order to attain a place in the market, the manufacturer must study what the population of the market in which he desires to release his GM plant, mostly relies on. In India, the main crop is rice, while in US it is corn and EU it is sugar beet. Considering Indian markets, the demands vary from state to state, due to the diverse population. Apart from this, the manufacturer should also identify the issues faced by a particular plant and methods required to rectify the drawback by genetically modifying it. The issues may either be at the stage of growing it or those which arise only in the end product. The best instances being introduction of Bt corn with in-built pesticides, which prevented the excessive use of chemicals during farming and the introduction of GM apple, which prevents the browning of an apple.

The market in the recent times have been favourable for GM plants and patenting of the same has brought in great advantages to the inventors, which help them to exclusively produce and fix high prices. Though, farmers and cultivators are now depending on GM plants, due its convenient usage and bounteous defect-free end products; to another group, the GM plants remain unaffordable, due to its high prices and restrictions on re-using. There is also a negative impact upon researchers, as patented GM plants prevent them from the freedom to conduct further research. If the inventor willingly adopts terms to curb the negative impact of these patents, like reducing prices, permitting licenses for further research, reducing the number of exclusive rights for production, etc., the patented GM plant can be beneficial to the entire society.

Thus, from the above data on patenting of GM plants, it is right to conclude that a patented GM plant can acquire a good market position at present, provided the inventor studies the market well and is ready incorporate the requirements of the society.



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## THE INDIAN DOCTRINE OF FAIR DEALING FAIR: ANALYSING THE NEED FOR REFORM

Nikita Sharma<sup>\*</sup> & Subham Saurabh<sup>\*\*</sup>

## **ABSTRACT**

The present paper attempts, at first hand, a general study of the Fair Dealing Doctrine as it operates in India. India provides the area for fair dealing in Section 52 of the Copyright act, 1957. The section encloses a list of instances which allow fair use of copyrighted work. The focus of the paper remains on the scope of its operation. It is analysed as to what and why the doctrine evolved and more importantly whether Section 52, which operates exclusively, fully justifies and gives adequate scope for operation of a fair area to the maximum possible and lawful extent which at the same time is balanced by the need to protect IPR's. The paper contends for reform in the fair usage doctrine in India because currently, it is rigid and unfair in the wake of the exclusiveness of Section 52 of the Copyrights Act. The paper targets to delve into an understanding as to why an expansion is invited on the copyright law in India and how the contours of the doctrine are presently insufficient to balance the right of creators in contradistinction to fair usage by non-creators as such. At last, the endeavour of pointing towards the inadequacy of the present law of fair dealing in India is intended to lead to certain specific issues faced.

<sup>\*</sup> NIKITA SHARMA, Student, Himachal Pradesh National Law University, Shimla.

<sup>\*\*</sup> SUBHAM SAURABH, Student, Himachal Pradesh National Law University, Shimla.

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#### I. INTRODUCTION TO FAIR USAGE DOCTRINE

A very perspicacious remark pronounces that protection and enforcement of IPRs must be advantageous to social and economic welfare, should protect the individual's fundamental rights and should encourage commerce, competition and innovation. In an ideal world, Intellectual Property Rights (IPR) do not only protect the creator from infringement of his intellectual property but also pave the way to healthy future developments over the already existing work.<sup>526</sup> In pursuance of that ideal world, the law in almost all jurisdictions of the world provides for a fair area was developing, building, copying etc. on/of someone else's work does not attract an infringement claim. The present paper focuses on the provision of this fair area in the copyright regime.

Fair dealing has its grounds rooted in the doctrine of equity and has found a significant expression in the discussions over copyright law. India provides the area for fair dealing in Section 52 of the Copyright Act, 1957. The section encloses a list of instances which allow fair use of copyrighted work. Apart from the fact that the contours of the section are fairly limited, questions as to the exclusivity of the section have often arisen. The paper tends to answer this very question to facilitate further discussion over the sufficiency of the section. Having understood the operation of Section 52, it is only natural to tend to shift to the question whether such a straight-jacket formula is enough to justify copyright law in the country. The standard for sufficiency has to be the effectiveness of the provision to achieve its underlying objective. Now, the objective of the law of fair dealing, worldwide, remains to achieve a balance in protecting the "rights over creations of creators" as opposed to the "allowance of the use of creations within lawful limits". In that light, one may rightly infer that the line between fair dealing and infringement is but a thin one.

A comprehensive copyright law accompanied by an effective and efficient enforcement mechanism can have a significant and measurable impact on Gross Domestic Product<sup>527</sup> and so it becomes indispensable for a discussion on copyright law to understand and appreciate the impending changes in one of the most crucial aspects of the law, namely, the Fair Dealing Doctrine.

<sup>&</sup>lt;sup>526</sup> Dushyant Sharma, Intellectual Property and The Need to Protect It, 9 IJSR 84-87 (2014).

<sup>&</sup>lt;sup>527</sup> Professor David Vaver, *Principles of Copyright: Cases and Materials*, WORLD INTELLECTUAL PROPERTY ORGANISATION, available at: <u>https://www.wipo.int/edocs/pubdocs/en/copyright/844/wipo\_pub\_844.pdf</u> (last accessed on Apr. 20<sup>th</sup> 2020).

### A. DEFINITION OF FAIR DEALING

The doctrine of fair dealing initially emerged as a doctrine of equity and soon then became the basis of discussion at an international scale. Light may be put on Article 13 of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) which says:

"Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder"

*The case of Sk Dutt v. Law Book Co. & Ors.*<sup>528</sup> *simply and very aptly describes the doctrine as "it* permits reproduction or use of copyrighted work in a manner, which, but for the exception carved out would have amounted to an infringement of copyright. It has thus been kept out of the mischief of copyright law". It may, well, be considered to be exceptions to the Intellectual Property Right. The Berne Convention for the Protection of Literary and Artistic Works provides a three-step test which runs by providing an exception to the copyright only if allowed as<sup>529</sup>:

- a. when it covers some distinct cases,
- b. the work does not conflict with the normal infringement or exploitation, and
- c. when the legitimate interests of the author are not at stake unreasonably or prejudicially.

It must be remembered that member states of WTO are obligated to obey both with the articles of TRIPS and as well as the Berne Convention on Copyright. Owing to that most of the countries have provided space for fair dealing to operate in their localised areas in a localised fashion. A great difference, however, lies in the application and scope of operation of this doctrine in different countries.

To put forward the doctrine at once, the words of Lord Denning in Hubbard v. Vosper<sup>530</sup> must be referred to as has been done by the courts in India several times:

"It is impossible to define what is 'fair dealing'. It must be a question of degree. You must first consider the number and extent of the quotations and extracts.... then you must consider

<sup>&</sup>lt;sup>528</sup> AIR 1954 ALL 750.

<sup>&</sup>lt;sup>529</sup> Centre for Copyright Studies Ltd, *The Three-Step Test, Deemed Quantities, Libraries and Closed Exceptions* (December, 2002) available at <u>http://static-copyright-com-au.s3.amazonaws.com/uploads/2015/08/CCS0202-</u> <u>Ricketson.pdf</u> (last accessed on May 14<sup>th</sup> 2020).

<sup>&</sup>lt;sup>530</sup> (1972) 1 All ER 1023 p. 1027.

the use made of them...Next, you must consider the proportions...other considerations may come into mind also. But, after all, is said and done, it is a matter of impression."

#### II. <u>DEVELOPMENT OF THE DOCTRINE</u>

The development, in the rising understanding of the importance of the need to have exceptions, may be understood now. Fair dealing or fair use trace their origin as judge-made exceptions which later came to be statutorily entrenched. It initially emerged as a doctrine of equity. The doctrine of fair dealing owes its origin to English Courts and then codification by the English legislature in 1911. In the UK legislation, the reproduction of a work for "private study, research, criticism, review, or newspaper summary" was entrenched as an exception to infringement.<sup>531</sup> Almost all commonwealth countries absorbed the fair use doctrine from the British Reign.

After their independence and more specifically in recent decades these commonwealth countries led to bettering the doctrine with the introduction of developments in its usage. Not to hide the fact that in some countries the fair dealing remains, as in the UK, restricted to the original purposes of the 1911 Act. However, many others like the Bahamas have developed a non-exclusive list of examples which is more advanced and modern. In still other countries, a different approach has been taken like in Australia legislatures have added factors that a court must consider in determining fair dealing. Countries that are not former British colonies have also adopted fair use or fair dealing, some good examples being Taiwan and Korea. Then we have colonies like Botswana, Ghana, Lesotho, and Malawi which very wisely have incorporated other exceptions. Interestingly, some countries have replaced the term "fair dealing" with "fair use" like the USA or our neighbour Bangladesh.

There also seems to be a trend whereby many of the countries have tried to evolve their law on fair use on similar lines as that present in the US which is considered very wide. For

<sup>&</sup>lt;sup>531</sup> ARIEL KATZ, FAIR USE 2.0: THE REBIRTH OF FAIR DEALING IN CANADA 93 (Ottawa University Press, Ottawa, 2013).

instance, we may take Canada where judicial interpretations of fair dealing are very similar to that in the United States. <sup>532</sup>

We may now trace the journey of the doctrine in India. Kind reference may be made to McMillan v. Khan Bahadur Shamsul Ulama Zaka<sup>533</sup>, whereby the Bombay High Court applied the English Copyright Act, 1842 to India although it was not specifically intended to be applicable in India. The statutory implementation for India came in 1914 which may but be described as a mere replication of the United Kingdom laws<sup>534</sup>. Obviously, after independence, we have a new law which again is not free from the vice as it is extensively borrowed from the new law enacted by the United Kingdom that is UK Copyright Act, 1956. Though, the amendments thereafter have widened the scope of fair dealing in India.

#### III. LAW IN INDIA

The complete law in India relating to Copyright is all but one section which is Section 52 of the Copyrights Act. Copyright is what is defined as a copyright in the Indian Copyrights Act, 1957, whereby it refers "to a bundle of exclusive rights vested in the owner of copyright under Section 14 of the Act". Under section 13 of the Copyright Act 1957, copyright protection is conferred on literary works, dramatic works, musical works, artistic works, cinematograph films and sound recording.

Section 52, on the other hand, provides a long list of acts which shall not be counted as an infringement. This means that a list is given whereby certain things if copied, used, reproduced etc. to the extent provided in that list, the act will not come in the ambit of being called an infringement. In short, it provides a fair area to operate. Private study, research, criticism, review etc are the general purposes for which it came into existence.

Amendments to the Act relating to fair dealing have been done four times. First among which came in 1983 with which an explanation below sub-section (b) (ii) was inserted. The second amendment was done in 1994 which served a great purpose. With that certain activities were

<sup>&</sup>lt;sup>532</sup> Jonathan Band and Jonathan Gerafi, *The Fair Use/Fair Dealing Handbook*, INFO JUSTICE (2015), available at: http://infojustice.org/wp-content/uploads/2015/03/fair-use-handbook-march-2015.pdf (last accessed on May 17<sup>th</sup> 2020). <sup>533</sup> (1895) I.L.R. Bom. 557, 567.

<sup>&</sup>lt;sup>534</sup> Section 2(1)(i) of the UK Copyright Act, 1911.

included in the fair dealing doctrine like private study and research work, dealing with computer software, making its copy by a lawman, creation of sound recordings of any existing literary work, dramatic and musical works in some circumstances. The third amendment came in the year 1999 which focused its attention on computer programmes. Then comes in 2012 amendment which served a general extension of doctrine in India. Cinematograph and musical works were included, sub-section (1) (w) was brought which made the making of a 3D object from a 2D layout fair dealing, clause (zc) was added which brought the importation of literary or artistic works incidental to products or goods being imported under the umbrella of exceptions, clauses (zb) and (zc) were also added which provides for fair dealing in the use of disabled persons.

In dealing with cases relating fair dealing, the courts have time and again reiterated that it is impossible to give a straight jacket formula for cases of fair dealing as each case depends upon in its facts and circumstances. The courts in India, however, while dealing with fair dealing have made use of some traditional theories like:

- a. the amount and substantiality of the dealing;
- b. purpose, character (and commercial nature) of the dealing;
- c. effect on the potential market: the likelihood of competition.

However, the fact remains that once not found in Section 52, there is little that the court can do.

#### IV. <u>SECTION 52: EXCLUSIVITY</u>

Section 52 may thus be taken to be carving out an affirmative defence. The burden of proving this defence is placed on the party which is alleged to have committed the infringing act. It must be noted, however, that the other party needs to first establish prima facie infringement.

The court bringing out the significance of the section in *The Chancellor, Masters and Scholars of the University of Oxford and Ors* v. *Rameshwari Photocopy Services & Ors.* <sup>535</sup> said that "Section 52, therefore, cannot be interpreted to stifle creativity, and the same time

<sup>&</sup>lt;sup>535</sup> (2016) 160 DRJ (SN) 678.

must discourage blatant plagiarism. It, therefore, must receive a liberal construction in harmony with the objectives of copyright law. Section 52 of the Act only details the broadheads, use under which would not amount to infringement".

It has been several times argued that the decision in *Syndicate of the Press of the University* of *Cambridge* v. *B. D. Bhandari*<sup>536</sup>, is path-breaking for in that case the purposes mentioned in Section 52, specifically Section 52(1)(h), was declared to be merely illustrative by the Delhi High Court and it went ahead to broaden the contours of such purposes. A similar view has been indicated in a publication<sup>537</sup> by National Law University, Delhi whereby it states that "in absence of exhaustiveness, Section 52 leaves enough space for judicial creativity ……"

The question which this paper treats as having great relevance is whether Section 52 is exclusive or merely illustrative. The paper contends for modification in the fair usage doctrine in India because currently, it is rigid and unfair in the wake of the exclusiveness of the section.

Courts in many cases have observed the object enumerated in the Indian Copyright Act as exhaustive and wide.<sup>538</sup> Consideration for several other factors like a necessity, public good etc has also not had popular support in India.<sup>539</sup> The enumerated purposes under Section 52 are interpreted as exhaustive, inflexible and certain since any use not falling strictly within an enumerated ground is considered infringement.<sup>540</sup> We thus see that Indian courts have analysed and used the American factor of purpose and transformative character, however, they have not abandoned their loyalty to the language of the statute and have firmly adhered to object enumerated as a consequence of which the provision has received a restricted interpretation.

The learned author Ananth Padmanabhan has in his book<sup>541</sup> addressed this issue and observed: "the general principles should apply only while gauging the second leg of the fair

http://nludelhi.ac.in/download/publication/2015/Transforming%20Dimension%20of%20IPR%20-%20Challenges%20for%20New%20Age%20Libraries.pdf. (last accessed on Jul. 7<sup>th</sup> 2020).

<sup>&</sup>lt;sup>536</sup> 2011 (47) P.T.C. 244 (Del).

<sup>&</sup>lt;sup>537</sup> Dr. Priya Rai, Transforming Dimension of IPR: Challenges for New Age Libraries, National Law University, Delhi, availabe at

<sup>&</sup>lt;sup>538</sup> Supercassette Industries v. Nirulas Corner House Pvt Ltd, 148 (2008) DLT 487.

<sup>&</sup>lt;sup>539</sup> Ayush Sharma, Indian Perspective of Fair Dealing under Copyright Law: Lex Lata or Lex Ferenda?, 14 JIPR 523-531 (2009).

<sup>&</sup>lt;sup>540</sup> Blackwood and Sons Ltd and Others v. AN Parasuraman and Ors, AIR 1959 Mad 410 Para 84, See also Civic Chandran v. Ammini Amma,1996 PTC 16 670.

<sup>&</sup>lt;sup>541</sup> ANANTH PADMANABHAN, INTELLECTUAL PROPERTY RIGHTS-INFRINGEMENT AND
use requirement i.e. the manner of use. When Parliament has chosen to specifically enumerate the different heads of fair use, as opposed to the fair use mechanism in the United States, for instance, we have to strictly comply with that for purposes of certainty as well as copyright integrity. At the same time, once the purpose requirement is met, it is excusable to permit some deviation from the manner of use which may be strictly outlined in the provision, by examining the general principles."

In *Super Cassette Industries* v. *Hamar Television Network Pvt. Ltd*<sup>542</sup>, the Court highlighted that both tests namely quantitative and qualitative tests are to be considered while determining fair dealing issue. It also went on to discuss the lay listener test. However, the court categorically held that "the applicability of Section 52 is to be restricted to the purposes stated therein". The court, however, in this case, did not find the infringing act to be falling under the fair dealing defence. *The Chancellor, Masters Scholars case*<sup>543</sup> is again referred to where the court recognized that:

"copyright is not a common law right but a statutory right and only the rights arising from the copyright act would be provided to the copyright owner. Therefore, according to the provisions of the copyright act, photocopying original copyrighted work is an exclusive right of the owner of the copyright and that the making of photocopies by the defendant in the case would constitute infringement under Section 51 unless such act is listed under Section 52 of the Copyright Act thereby which it falls under the fair use exception."

Consequently, as per the opinion, the courts have abortive to acquaint with the element of flexibility which has become the reason for the medieval nature of the doctrine.

#### V. INADEQUACY OF THE FAIR USE DOCTRINE

#### A. THE NEED FOR WIDER FAIR USAGE DOCTRINE

In a study conducted in Singapore, the effect of intellectual property in increasing economic activity was discussed and analysed. It was analysed that fair use aims to balance user and right-holder interests in copyright which only provides an encouraging environment for

REMEDIES (1<sup>st</sup> ed., LexisNexis, 2012). <sup>542</sup> 2011 (45) PTC 70. <sup>543</sup> (2016) 160 DRJ (SN) 678.

further developments. Copyrighted works are outputs of great labour and inspired ideas but they also serve another equally important purpose and that of acting as input for subsequent works which we may fancy as raw materials for further developments. It is not illogical to articulate that an increase in the number of works available for reference only helps encourage building up for better work. Fair use solves double purpose; one by enabling the creation of new work and other allowing public use of those works. So, exceptions to copyright law have a direct/ indirect impact on the rate of innovation in modern economies.

Another factor requiring equal consideration is that copyright work is almost always expected to yield monetary benefit which implies that expected revenues must exceed the cost of development. It remains the incentive of creations most of the times. In *Eastern Book Co.* v. *DB Modak*<sup>544</sup> the apex court acknowledged that "in the field of knowledge and information the reproduction of some portion of the copyrighted work is necessary for research, private study, criticism, news reporting, teaching, review, etc. The fair dealing doctrine is a key part of the social bargain at the heart of copyright law, in which as a society we concede certain limited individual property rights to ensure the benefits of creativity to a living culture ..."<sup>545</sup>

The purpose of the fair use doctrine has been very aptly been put in *Wiley Eastern Ltd and Ors* v. *Indian Institute of Management*<sup>546</sup> as follows, "that the basic purpose of Section 52 is to protect the freedom of expression under Article 19(1) of the Constitution of India- so that research, private study, criticism or review or reporting of current events could be protected." The case of *Hubbard* v. *Vosper*<sup>547</sup> maybe again referred which probably for the first time elucidated the objective of fair dealing provision which was described as "to shield or protect a reviewer who wants to put forward his opinion or views or comments on a particular copyrighted work by using certain relevant extracts from that work".

Fair use even if perceived in its narrowest sense acts as a balancing approach, it promotes the dissemination of information without removal of incentives of creation. It is a popular approach to view free usage as a free license to use one's work. However, this is in stark contrast to another popular view which articulates that every property developed intellectually is a result of the perception that individual forms from among his or her

<sup>&</sup>lt;sup>544</sup> (2008) 1 SCC 1.

<sup>&</sup>lt;sup>545</sup> Association of Independent Video and Filmmakers, *Documentary Filmmakers' Statement of Best Practices in Fair Use*, CENTRE FOR SOCIAL MEDIA, available at: http://centerforsocialmedia.org/files/pdf/ fair\_use\_final.pdf (last accessed on Apr. 17<sup>th</sup> 2020).

<sup>&</sup>lt;sup>546</sup> 1995 PTC (15) (Del).

<sup>&</sup>lt;sup>547</sup> [1972] 2 Q.B. 84.

surroundings or society and as a result the piece of work belongs to the society at large and not individually to a person. In the day to day practice of law, however, these are taken to mean simply certain exceptions to the rights of a copyright holder. As a result of the debate over ownership of these rights an uncertainty regarding the scope of uses that fair use is meant to protect in practice emerges.

The Indian courts have started understanding and appreciating the importance of the need to have sufficient discretion in addressing as to whether an act would constitute an infringement and providing a prior list will not help the cause. In the case of *Kartar Singh Giani* v. *Ladha Singh*<sup>548</sup>, the High court delved into an understanding the law as it is, instead of mathematically applying Section 52 for it must have been considered important that new dimensions need to be analysed. It held as follows:

"two points have been urged in connection with the meaning of the expression fair, in fair dealing (1) that to constitute unfairness there must be an intention to compete and to derive profit from such competition and (2) that unless the motive of the infringer were unfair in the sense of being improper the dealing would be fair."

#### B. OBSOLETE CHARACTER OF DOCTRINE

Moving back to our history, it was in due time that our colonisers realised that situations in India are unique and so must be the law, no legal principle can be embedded into the Indian soil without there being a proper adjustment of the sun and temperature otherwise the seed will not be able to break off its stagnancy and grow to give desired fruits. So must be considered with a doctrine like fair usage. At the time when we need to compete at an international level, our laws must be just the right amount of giving protection and allowing competition. For that copy-pasting, a law from a different country with a different set of competition, values and economic status will help a little. We need an indigenous doctrine which recognises the situations in India concerning competition, practicalities, IT development, infringement rate, working of courts, the efficiency of legal mechanisms to catch lawbreakers, development of creative industry, economic interests in copyright work, regulation of IP rights, ease of selling, creation costs, state's rights etc.

<sup>&</sup>lt;sup>548</sup> (1935) ILR 16 LAH 103.

The need for widening the ambit is now being felt in the country because of two very simple, common-sensical but important reasons, both owing their origin to the obsolete character of the doctrine.

The first, that certain acts which may be done mala fide and affect to a great extent commercial interests vested therein may not be adjudged to be infringements as they may be protected by the list given in section 52. To bring out the gravity reference may be had to decision of the Delhi High Court in Chancellor, Masters & Scholars of the University of Oxford & Ors. v. Rameshwari Photocopy Services & Ors<sup>549</sup>. A suit was filed by three renowned publishing houses of books and scholarly material which is used in disciplines of the academic world namely Cambridge University Press, Oxford University Press and the Taylor & Francis group. They asked the hon'ble court to pass a permanent injunction against infringement of copyright by the respondents that were the University of Delhi and Rameshwari Photocopy Service shop which used to photocopy their protected work and circulate it in lower cost for their gain. The court in light of section 52 held that the preparation of 'course packs' and its circulation by an educational institution to their students will not create any kind of IPR infringement under the provision. However, this will only be justified as long as the inclusion of the works photocopied was used for educational instruction, also, this act does not need a license or permission from the authors or publishing houses. The court believed that such act of photocopying qualifies as a mere reproduction of work by a professional teacher in its course of instruction which does not amount in any way a copyright infringement under the law that is Section 52(1)(i) of the Act.

The second scenario is where a certain act, not mala fide, giving sufficient citation, noncommercial, or sometimes justified by natural law or logic may be categorised as an infringement. As an example, the case of (*India Tv*) *Independent News Services Pvt. Ltd* v. *Yashraj Films Private Limited*<sup>550</sup> and *Super Cassettes Ltd*<sup>551</sup> must be studied. A documentary was shown in a live show on "India TV" on the life of singers. Video of some scenes from the movies was shown as and when the singer was singing the song. The Delhi High Court in its judgement tried to look at the case from a slightly changed viewpoint as follows:

"There are certain questions which remain unanswered. In my opinion the argument of the counsel for defendant stating that the singer who has recorded a song which has gone on to

<sup>&</sup>lt;sup>549</sup> (2016) 160 DRJ (SN) 678.

<sup>&</sup>lt;sup>550</sup> 2013 (53) PTC 586 (Del) (DB).

<sup>&</sup>lt;sup>551</sup> (2012) 49 PTC 1 (DEL).

become a hit has a sense of ownership over such a song and that it would be very unreasonable-to the point of being unfair and cruel to the said singer, to say that he/she cannot sing the said song in a TV or other interactive program in front of an audience, only because the copyright in the underlying literary and musical works resides in some other person(s) also withholds a valid point. But since such use does not come within the exhaustive list provided under section 52 of the act, they were deprived of any remedy in the fair dealing laws."

It must be noted that an appeal was filed and the Hon'ble bench of the Delhi High Court took the decision to set aside the single bench order and therefore restrictions were removed however the appealing party were still restricted from displaying the video clip without consent of the owner of cinematographic film. This case very rightly and precisely brings home the point that we need an expansive law whereby Section 52 is not exclusive so that breathing space is given to judiciary to deal with such cases based on unique facts of different cases. Giving such exclusivity to the section only makes its purpose static. It may not be able to meet the just requirements of natural law by tying the hands of the judge to not deviate from the list given. It is also difficult to comprehend that such a static law will be enough to meet the dynamic requirements of today and tomorrow.

In the case of *Supercassette Industries* v. *Nirulas Corner House* (*P*)  $Ltd^{552}$ , a suit was filed contending that clipping of songs was played in an enclosed room on television in defendant's hotel. The judge rejecting the plea of defence of fair dealing under section 52(1)(k) said that the legislature intended to exclude the two categories which are a hotel and such similar commercial establishment from the operation of establishment from the advantages point of view, which is not considered a violation or breach which should be seen from a perspective of restricted interpretation, in respect of the nature of the expression used. The intention of the parliament in including these provisions in the law is clear that use of audio or video recording and playing it on a television in a hotel as communication to the public is opposed to what is done for an earning purpose, even in play by a hotel. Thus, the court rejecting the suit and held that it cannot extend the law outside its meaning to include any hypothetical wider legislative purpose.

<sup>&</sup>lt;sup>552</sup> 2008 (37) PTC 237 (Del).

Justice Pierre N Leval A judge of Court of Appeal, United States formulated the fair use doctrine as follows<sup>553</sup>:

"The doctrine of fair use need not be so mysterious or dependent on intuitive judgments. Fair use should be perceived not as a disorderly basket of exceptions to the rules of copyright, nor as a departure from the principles governing that body of law, but rather as a rational, integral part of copyright, whose observance is necessary to achieve the objectives of that law... Fair use should not be considered a bizarre, occasionally tolerated departure from the grand conception of the copyright monopoly. To the contrary, it is a necessary part of the overall design. Briefly stated, the use must be of a character that serves the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity."

We may discuss certain specific issues to have an idea of the inflexibility and rigidity of the fair dealing doctrine in India.

#### C. MORE SPECIFIC ISSUES

The adequacy of the fair dealing doctrine in India is seriously questionable when we consider the development of Information Technology. An individual via online media can communicate through the internet and he/she can have the work of thousands of users scattered over the entire world capable of downloading information from privacies of their homes.<sup>554</sup> Not only is that, in certain cases, getting away with certain acts in cyberspace is way easier than doing the same in the physical world. For instance, in the case of *Sagarika Music Pvt. Ltd. & Ors. v. Dishnet Wireless Ltd. & Ors.*<sup>555</sup>, the High Court passed interim orders in the matter giving direction to block the website. All ISPs were directed to block the access to the website through methods feasible to them. However, courts direction for the website handlers lasted barely for forty days and they re-launched the same website with a similar name by some other domain owner name. Which highlights the issue that online

<sup>&</sup>lt;sup>553</sup> <u>United States. Congress. House. Committee on the Judiciary. Subcommittee on Intellectual Property and</u> <u>Judicial Administration</u>, (U.S. Government Printing Office, 1991).

<sup>&</sup>lt;sup>554</sup> T C James, Indian Copyright Law and Digital Technologies, 7 JIPR 423-435, at p.433 (2002).

<sup>&</sup>lt;sup>555</sup> Sagarika Music Pvt. Ltd. & Ors. v. Dishnet Wireless Ltd. & Ors., 2012 SCC Online Cal 5276.

distribution of anything has a serious challenge for the protection of the work and implementation of the copyright law of such content.<sup>556</sup>

We also see the potential of building up of a parallel market in the online world. This directs reason to believe that the cyberspace is far more powerful than is perceived. Looking at its potential, it can be either condemned for infringement issues or can be converted into a constructive breakthrough to nurture and develop in the virtual world and among people that may out of reach in the physical space.<sup>557</sup>Absence of any provision in Section 52 dealing with copying over the internet, its contours, limitations, etc is a major fall out of the Section.

Issues may also be analysed about non-inclusion of certain acts in fair dealing provision. For example, except for the exception provided in section 52 (i), no other use is allowed of a cinematograph film. There has been a lingering debate over the use of films in teaching film making. Films have to be an intrinsic part of teaching the art of cinematography and film making. The absence of provisions only makes their use in fine institutes a matter of infringement unless specific permissions are taken and royalties paid. But then, is it fair to make them obtain a license from the film producers for hefty amounts of money?<sup>558</sup> This particular issue has been raised in the case of *ESPN Star Sports* v. *Global Broadcast News Limited and Others*<sup>559</sup> the High Court of Delhi did not address this issue in their judgement.

Questions have often arisen as to use of celebrity images in newspapers, books, magazines etc. Similar questions have arisen with respect to use of famous cartoons for purposes like education, for instance, their use in general knowledge books, however, as is established public welfare is not one of the exceptions engrained in Section 52 of the Copyrights Act. People who intend to use celebrity images have to get permission from and pay royalties to the owner of these images, and not the stars whose image it is. These images may not have any artistic or creative achievement but are to be paid for use only by way of being clicked by that certain other individuals if not even such acts would constitute infringement. There appears to be no logic as to why the use of a simple image of a well-known celebrity which has no creative value in it has to be licensed, that also from someone who has no ownership in the brand image of that particular star. Here another facet and that of celebrity rights may

<sup>&</sup>lt;sup>556</sup> S.K VERMA AND R. MITTAL, INTELLECTUAL PROPERTY RIGHTS: A GLOBAL VISION 263 (Indian Law Institute, 2004).

<sup>&</sup>lt;sup>557</sup> Megha Nagpal, Copyright Protection through Digital Rights Management in India: A Non-Essential Imposition, 22 JIPR 224-237 (2017).

<sup>&</sup>lt;sup>558</sup> Latha R. Nair, How Fair Are the Fair Dealing Exceptions Under Indian Copyright Law? 10 IJIPL 65 (2009).

<sup>&</sup>lt;sup>559</sup> 2008 (38) PTC 477 (Del).

come into the picture and another question whether any other person by way of clicking an image must be given rights to disseminate and license the use of a picture of a celebrity. It may be worth quoting *Rajagopal* v. *State of Tamil Nadu<sup>560</sup> as follows:* 

"The right to privacy is implicit in the right to life and liberty guaranteed to the citizens of this country by Article 21. It is a "right to be let alone". A citizen has a right to safeguard the privacy of his own, his family, marriage, procreation, motherhood, child-bearing and education among other matters. None can publish anything concerning the above matters without his consent whether truthful or otherwise and whether laudatory or critical. If he does so, he would be violating the right to privacy of the person concerned and would be liable in an action for damages. Position may, however, be different, if a person voluntarily thrusts himself into controversy or voluntarily invites or raises a controversy."

This more or less relates to celebrity rights but raises a fair question why does a person need to pay money to "abc person/ firm" for a simple picture of Shah Rukh Khan, who receives no money from it? Why is the use of these pictures, not fair use? In *McFarland* v. *E* & *K Corp.*,<sup>561</sup> the court held that "a celebrity's identity, embodied in his name, likeness, and other personal characteristics, is the 'fruit of his labour' and becomes a type of property entitled to legal protection." In *Sonu Nigam* v. *Amrik Singh*, the Bombay High Court says that "no third person should make any commercial profits by using celebrity images unless they have consented to it". *ICC Development (International) Ltd.* v. *Arvee Enterprises*<sup>562</sup>, is another case, in which the High Court of Delhi acknowledged the right of publicity in India. It held that "such a right exists solely in an individual or it exists in any indicia of the individual's personality which may be obtained via association with an event, sport, movie etc".

The further objection arises because the present law stands so rigid to not even provide space to the public interest. Take the example of *Rupendra Kashyap* v *Jiwan Publishing House* where the defendant published past year's question papers of CBSE's examinations. It was contended by the plaintiff that he had the sole license to do so. The court on public interest point held that "the law as to copyright in India is governed by a statute which does not provide for defence in the name of public interest. Infringement of copyright cannot be permitted merely because it is claimed to be in the public interest to infringe a copyright."<sup>563</sup>

<sup>&</sup>lt;sup>560</sup> 1995 AIR SC 264, MANU/SC/0056/1995.

<sup>&</sup>lt;sup>561</sup> 1991 WL 13728 (D. Minn. 1991).

<sup>&</sup>lt;sup>562</sup> (26) PTC 245 Del; 2003 VIIAD Delhi 405, 2003.

<sup>&</sup>lt;sup>563</sup> 1996 (38) DRJ 81 Para 24.

Another issue raised time and again is that the act exempts the use by way of performance of literary, dramatic or musical works by an unprofessional or nubile club or society to a non-paying audience or for the help of a charitable purpose and religious institution. However, the limitation that exists is that the words in the provision are very stringently construed to analyse any defence raised under the provision due to which ancillary acts remain to come under the category of infringement. Then there are also no exceptions are given under the present law for the reproduction of any works done in braille format or such other format of works that would suit the differently-abled people challenged.

#### VI. <u>CONCLUSION</u>

India has a very rich culture and tradition of art, music and literature. Development of all these forms can be traced to our ancient roots which evolved generation by generation with use of new means of technology. We passed and shared the abundance of knowledge not only with future generations but also the world. We thus represent an apt example of why a wide construction of fair use is important and what wonders it can do.

Currently, we have an insufficient law which when seen with the irregular application of the fair use doctrine leads us into an unhappy state of affairs. It seems that it is not performing the task to the optimal level. So to say this doctrine is fulfilling only one part of the twofold purposes of copyright protection which is recognizing intellect. Another part which is the protection of the public interest in accessing the information fails to be achieved by it to this day because of the inadequacy of the Indian doctrine.



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# IN AN ERA OF NON-TRADITIONAL MARKS: THE POSSIBILITIES OF TRADEMARKING A SPORTSPERSONS' CELEBRATORY MOVE

Yashwardhan Singh<sup>\*</sup> & Deeksha Singh<sup>\*\*</sup>

### ABSTRACT

Sports celebrations are moments of victory. They are characterised by victory dances and signature celebratory moves by sportspersons, which then dominate our screens and papers. These moves often contribute to building a sportsperson's brand among the masses, which in today's consumer-centric world, is extremely important for a player to secure his mark with the public. However, it has been debated whether the signature moves of sportspersons can be protected under trademark law.

This paper explores the extent to which it is possible to trademark a sportspersons' signature move under trademark laws both internationally and domestically. The paper touches upon an understanding of the types of non-traditional marks under trademark law and then undertakes an analysis of the importance of trademarks in sports. Building upon this base, the paper then delves into the need for registering a celebratory move of a sportsperson as a trademark and the possibilities of it.

The three requirements of graphical representation, distinctiveness and indication of source or origin are analysed in regards to the challenges of obtaining a trademark registration for a sportspersons' celebratory move. The paper lastly argues through an analysis of the various unconventional marks protected under trademark law that a signature or a celebratory move by a sportsperson has all the possibilities to be afforded protection as a trademark.

<sup>\*</sup> YASHWARDHAN SINGH, Student, Symbiosis Law School, Pune.

<sup>\*\*\*</sup> DEEKSHA SINGH<sup>\*\*</sup>, Student, Symbiosis Law School, Pune.

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#### I. <u>LITERATURE REVIEW</u>

Joshua A. Crawford's 'Trademark Rights for Signature Touchdown Dances' was referred to. The paper talks about how the signature touchdown danced of NFL (National Football League) players can be protected under trademark law. It argued that since these dances are used commercially in NFL games, the dances should be registrable as trademarks.

The authors have also referred to Hennry M. Abromson's 'The Copyrightability of Sports Celebration Moves: Dance Fever or Just Plain Sick?' which asserts that sports celebration moves are copyrightable. By referring to this paper, the present authors have tried to understand how sports celebratory moves are protected under copyright and whether those principles can be inculcated under trademark law as well.

#### II. <u>INTRODUCTION</u>

Sports have been an integral part of human civilisation. Modern sports can be dated back to as far as 2000 BCE, from when the earliest documentation of modern sports can be obtained.<sup>564</sup> The introduction of the first Olympic Games in Greece in 776 BCE contributed to the spread of competitive sports around the world.<sup>565</sup>

Over the centuries, sports have amassed increasing importance. The Olympic sports, for example, were so important to the Greeks that when the Persians were invading Greece, the Greek capital of Athens had trouble organizing its army as many were busy participating in the Olympics.<sup>566</sup> Today, sports have developed much from their ancient forms and many new sports have been introduced in just the past century.

With the ease in communicating information, from newspapers, radio and television to the internet, sports have attracted more and more attention, some more than others. The corporatization of modern sports has made competitive sports into an arena for marketing, merchandising, franchising and brand building. The same has been true for the sportspersons or the people involved in playing these sports.

Players who bag laurels in their sports become highly popular among the masses and become famous sports personalities with a large mass of people following them in their sports and personal lives. Their influence over the people is comparable to that of a famous celebrity. Maradona, Michael Jordan, Sachin Tendulkar, Usain Bolt, Muhammed Ali, etc... remain some of the most popular sportspersons today. So much so that their name becomes associated with them being the greatest in the sport they play.

However, the biggest way in which modern sports differ from what sports were a few hundred years ago is the fact that money has taken a wholly different role in sports. Merchandising, franchising and branding play a huge role in sports today. Companies are willing to pay huge sums of money to be associated with a particular sporting event or a sportsperson. For example, the Chinese mobile manufacturer, Vivo, entered into agreement with the Board of Cricket Council of India (BCCI) to pay a whopping 2,199 crore rupees over a period of 5 years so that Vivo's brand name is associated with the popular cricket

<sup>&</sup>lt;sup>564</sup> Mary Bellis, *A Brief History of Sports*, THOUGHTCO. (Feb. 11, 2020), <u>https://www.thoughtco.com/history-of-</u> <u>sports-1992447</u>.

<sup>&</sup>lt;sup>565</sup> ANCIENT OLYMPIC GAMES, <u>https://www.olympic.org/ancient-olympic-games (last visited Feb. 11, 2020)</u>. <sup>566</sup> *Ibid*.

sporting event, the Indian Premier League (IPL).<sup>567</sup> Through the use of sporting events and by having sportspersons endorse their brands, companies today seek to increase their brand value. Perhaps the ex-president of FIFA has aptly described modern sports in general by stating that "football is not only a game but also a product".<sup>568</sup>

#### A. THE GROWING IMPORTANCE OF BRAND VALUE IN SPORTS

'Brand value' is defined as the total of how much a person would pay over and above for one brand over another brand.<sup>569</sup> It is brand value which has contributed to sport celebrities like Michael Jordan, Sachin Tendulkar, Sania Mirza and various others to be able to connect on a much larger scale with the public, even with those who do not watch their sports.

Brand value is established not just by becoming popular and successful in the sport they play but also by launching products in their name, featuring them or by launching products with their most famous tag lines. Sportspersons, today, are a brand in themselves.

The biggest benefit in becoming a brand is the potential for endorsements from various companies. Endorsements act as another source of income for sportspersons. In fact, celebrity sportspersons such as Roger Federer and Tiger Woods make a majority of their earnings from endorsements (about 84% and 97% of their earnings respectively).<sup>570</sup> Thus, endorsements not only help a sportsperson to earn more revenue, but also help in building a brand name for oneself.

When a person builds a brand out of himself, he often seeks to capitalize upon ways which shall ensure more revenue or become a source of additional earnings for himself. Apart from endorsements, the other way celebrities and sportspersons alike do this is by trademarking their famous catchphrases, signatures, their name or even the initials of their name.

<sup>568</sup> Shiren Panjolia, *Sports-IPR-India*, SHIREN PANJOLIA WORDPRESS (Feb. 16, 2017),

<sup>&</sup>lt;sup>567</sup> Urvi Malvania, *Vivo retains IPL title sponsorship; to pay Rs 2,199 cr to BCCI over 5 yrs*, BUSINESS STANDARD (December 16, 2019), https://www.business-standard.com/article/companies/vivo-retains-ipl-title-sponsorship-to-pay-rs-2-199-cr-to-bcci-over-5-yrs-117062700562\_1.html.

https://shirenpanjolia.wordpress.com/2017/02/16/sports-ipr-india/. <sup>569</sup> Steve Olenski, *Brand Value: What It Means (Finally) And How To Control It*, FORBES (Sep. 15, 2015), <u>https://www.forbes.com/sites/steveolenski/2015/09/15/brand-value-what-it-means-finally-and-how-to-control-it/#2ec09b8f13b2</u>. <sup>570</sup> Nasha Smith, *13 athletes who make more money endorsing products than playing sports*, BUSINESS INSIDER

<sup>&</sup>lt;sup>570</sup> Nasha Smith, *13 athletes who make more money endorsing products than playing sports*, BUSINESS INSIDER INDIA (Jun. 14, 2019), <u>https://www.businessinsider.in/sports/nba/13-athletes-who-make-more-money-</u> <u>endorsing-products-than-playing-sports/articleshow/69792544.cms</u>.

Trademarking their celebratory moves is yet another way by sportspersons to capitalize on their own brand value.

Every player celebrates victory in his or her own unique way. Dances, gestures, shouting slogans, etc... are all part of this celebration. In fact, the way a player celebrates can often tell us a lot about their personalities. This contributes in the masses learning and interacting more with the players and hence helps build up their brand value. But registering as a trademark one's moves and actions requires an understanding of what trademarks are and what are the various types of trademarks which are allowed by law to be registered.

## III. <u>DEFINING TRADEMARKS</u> - <u>CONVENTIONAL AND NON-</u> <u>CONVENTIONAL MARKS</u>

Marks have been used to identify and prove ownership of a good since the ancient period. Romans brickmakers, for example, stamped their bricks with their own mark to identify their bricks. In Medieval Europe, swords manufacturers were mandated to insert their unique identification marks on the swords they made so that a defective sword could be traced back to the maker and he be punished.<sup>571</sup>

In Medieval Europe, without any law on the protection of a trademark, trademark was only protected in common law. Modern trademark law is based off on Britain's enactment on the need to register trademarks for their protection against infringement. This was the British Trademark Act of 1975.

Trademark, however, is often commonly misunderstood to be limited to only a word or a logo. This is a very narrow definition of the term as a trademark can be any word, insignia, phrase or symbol which denotes and differentiates a particular product from another.<sup>572</sup> Trademarks are helpful as they help in protecting a mark's distinctiveness in its association with a good or service. They also serve as badges of origin of the particular good or service to the consumers.<sup>573</sup>

In India, the Trademark Act, 1999 defines a 'trademark' under Section 2 (zb) as a mark capable of being represented visually, one which can distinguish between the goods or

<sup>&</sup>lt;sup>571</sup> BananalP Reporter, *History And Evolution Of The Trademark System*, BANANAIP (Jan. 2, 2019), https://www.bananaip.com/ip-news-center/history-and-evolution-of-trademark/.

<sup>&</sup>lt;sup>572</sup> Carla Tardi, *Trademark*, INVESTOPEDIA, <u>https://www.investopedia.com/terms/t/trademark.asp</u>.

<sup>&</sup>lt;sup>573</sup> Aristo Ltd. v. Rysta Ltd., 1945 AC 68.

services of one person with those of another. Further, a trademark can also include headings, signatures, labels and names within its definition.<sup>574</sup>

Thus, a trademark is a mark which enables us to distinguish one good or service from another. However, apart from the above inclusions of words, logos, symbols, etc... a trademark can also be as unconventional as a colour, smell, sound, shape or even a video.<sup>575</sup> Such marks are called as non-traditional marks and the registration of such marks can be hard but if they satisfy the requirements of a trademark (that of graphical representation and of making the product distinctive from other similar products), they will be given registration.

From an international perspective, there are about nine types of non-traditional marks which have had successful registration. These are:

- a. Shape marks
- b. Three dimensional marks and holograms
- c. Colour marks
- d. Smell marks
- e. Sound marks
- f. Multimedia marks
- g. Touch and texture marks
- h. Taste marks
- i. Gesture marks

In India, the Manual of Trademarks Practice and Procedure of Indian Trademark Registry, 2015 (Draft), however, only recognizes smell, sound, colour and shape marks under the category of unconventional marks. India still lacks any successful registration for a taste, touch, or gesture mark.

#### IV. TRADEMARKS IN SPORTS

Sportspersons are their own brand today. As with any other successful brand, they too need protection of their brand identity. Often, various people attempt to cash-in on the fame and popularity of famous sportspersons. They do this by launching products bearing their face, name, signatures, jersey numbers or other signs indicating a relation with the player. This

<sup>&</sup>lt;sup>574</sup> Indian Trademarks Act, 1999, § 2 (zb), No. 47, Acts of Parliament, 1999 (India).

<sup>&</sup>lt;sup>575</sup> Smell, Sound and Taste – Getting a Sense of Non-Traditional Marks,

https://www.wipo.int/wipo\_magazine/en/2009/01/article\_0003.html (last visited Feb. 21, 2020).

leads to the false belief that the particular sportsperson is associated with the product or has endorsed the product.

Thus, sportspersons are quick to trademark things which can be put out as unique about them and by which they can benefit financially from. Names, initials of their names, a player's jersey number, famous catch-phrases, or even a famous pose by a player are trademarked for benefitting from the commercial use of the mark on clothing, shoes and other accessories such as toy figurines, posters, video games, etc.

Further, players in games such as football, cricket, tennis, etc... are associated with various teams. These teams have their own logos, taglines and other ways of identification. The huge business opportunity in the world of sports has also increased the value of these teams. Forbes' 2019 valuations place Dallas Cowboys as the most valuable sports team with the franchise worth more than \$5 billion.<sup>576</sup> Therefore, even teams seek to trademark their names, logos and other unique ways of their identification.

It has hence become important for sportspersons to trademark an aspect of their personalities itself. Renowned footballer Lionel Messi has more than 76 registered marks in his name with successful registration of his last name for jewellery, clothing and sporting equipment.<sup>577</sup> Cristiano Ronaldo's name, initials and player number is also trademarked as 'CRISTIANO RONALDO', 'CR7' and 'CR9'. So is English footballer Harry Kane's initials 'HK'.<sup>578</sup> Perhaps one of the most famous trademarks in the field of football is that of David Beckham's. Beckham has trademarked his name on various products as well as trademarked a logo mark featured on Adidas' Predator Boots.<sup>579</sup>

There are also various internet domain names or website addresses belonging to sportspersons which are registered as trademarks. The use of a domain name showing a false association or suggestion of a connection with a sportsperson can damage to the reputation of the sportsperson, his brand or his business. It is also important to protect the name and brand persona of a sportsperson as a domain name trademark as the lack of it can allow cyber squatters to benefit off economically from the confusion created by registering a highly

 <sup>&</sup>lt;sup>576</sup> THE MOST VALUABLE SPORTS FRANCHISES, <u>https://thebossmagazine.com/most-valuable-sports-franchises/ (last visited Feb. 24, 2020)</u>.
<sup>577</sup> Gavin Stenton, *Lional Massi firstly and the*

 <sup>&</sup>lt;sup>577</sup> Gavin Stenton, Lionel Messi finally registers his name as a trade mark following long legal battle, LEXOLOGY (Apr. 30, 2018), <a href="https://www.lexology.com/library/detail.aspx?g=23638806-354d-4d22-962f-d6310a25a0e5">https://www.lexology.com/library/detail.aspx?g=23638806-354d-4d22-962f-d6310a25a0e5</a>.
<sup>578</sup> Akber Ahmed, From CR7 to Smokey Beckham — a guide to football trade marks, LEXOLOGY (Jul. 13, 2018),

Akber Anmed, From CR7 to Smokey Beckham — a guide to football trade marks, LEXOLOGY (Jul. 13, 2018) https://www.lexology.com/library/detail.aspx?g=5453c74f-abbd-4255-9628-6643b4a50b44.

<sup>&</sup>lt;sup>579</sup> Amelia Skelding and Timo Haslam, *Football Players and Trade Marks*, IP COPY (June 28, 2018), <u>https://ipcopy.wordpress.com/2018/06/28/football-players-and-trade-marks/</u>.

similar or identical domain name. The World Intellectual Property Organisation, in an administrative panel decision, had held that the registration of the domain name <msdhoni.com> by the respondent was in violation of the petitioner and reputed Indian cricket player, M. S. Dhoni for it was confusingly similar to Dhoni's registered trademark of his personal name.<sup>580</sup>

In India, renowned cricketer Sachin Tendulkar has trademarked not just his name but his signature as well. His signature finds use on various sporting goods, clothing and items of stationary (pen, pencils, books, etc).<sup>581</sup> Sports teams such as Chennai Super Kings, Mumbai Indians, etc. have their names, logos and slogans trademarked.

## A. <u>SIGNATURE CELEBRATORY MOVES TRADEMARKED BY</u> <u>SPORTSPERSONS</u>

Throughout the modern history of sports, sportspersons and famous athletes have invented truly unique and sometimes popularised borrowed moves on the field, from goofy dances to simple hand gestures to woo their fans. However, most of these moves are not trademarked. This is because, to be able to trademark a move or a gesture, one must be able to show that the particular action is so different and unique in nature that it can be attributed rationally only to one particular individual and not to multiple persons or brands.

We can find an example of such a unique style in world-renowned athlete, Usain Bolt's trademark of his celebratory pose, the "lightning bolt", which includes Bolt posing legs stretched with his arms and fingers pointed diagonally towards the sky.<sup>582</sup> Mo Farah, a British long-distance runner, has also trademarked his famous victory move, the "Mobot", in the UK IPO.<sup>583</sup>

The game of football has a great many examples of sportspersons trademarking their celebratory moves as a 'device' or an image mark. Renowned Welsh footballer, Gareth Bale, has earned the trademark rights to his "Eleven of Hearts" celebratory move, which involves

<sup>&</sup>lt;sup>580</sup> Mahendra Singh Dhoni and Rhiti Sports Management Private Limited v. David Hanley, Case No. D2016-1692 (WIPO Arbitration and Mediation Center).

<sup>&</sup>lt;sup>581</sup> Trademark Application No. 811442 (India).

<sup>&</sup>lt;sup>582</sup> 007454523, EUTM file information, European Union Intellectual Property Office, <u>https://euipo.europa.eu/eSearch/#details/trademarks/007454523</u>.

<sup>&</sup>lt;sup>583</sup> Julia House, *Trademarks are Making the News*, ALBRIGHT IP (June 28, 2013), <u>https://www.albright-ip.co.uk/2013/06/trademarks-are-making-the-news/</u>.

curving his hands in to form a heart shape with the number '11' in between. The mark has been allowed to be used on shoes, hats, bags, umbrellas and jewellery.<sup>584</sup> England striker, Jesse Lingard, has trademarked his famous celebration move, 'JLingz', where he covers his forehead with his fingers forming the initials of his name (in the shape of a 'J' and an 'L'). The trademark is registered for use on clothing, footwear and headgear.<sup>585</sup>

One famous dispute involving the trademark of a sportspersons' move is that of the 'Vicht'. The Vicht was a sign which involved closing the hand in the shape of a duck beak and was trademarked by the Tennis player, Niclas Kroon. However, Kroon's trademark lapsed and he did not file to extend the trademark's registration. Lleyton Hewitt, another Tennis player, chanced upon this opportunity and registered the same mark in his own name.<sup>586</sup>

At the time of penning down this article, the authors have unfortunately not come upon any example of a movement or an action trademarked by sportspersons in India. Though there are many signature moves of Indian sportspersons, such as for example the famous 'helicopter shot' performed by M. S. Dhoni or Sachin Tendulkar's straight drive, none of such moves are completely attributable to Indian players and have been performed numerous times by other players as well, often before them. As we shall see below, distinctiveness is among the basic tenets to obtain registration for an unconventional mark.

## V. <u>THE HINDRANCES AND POSSIBILITIES OF TRADEMARKING A</u> <u>CELEBRATORY MOVE</u>

Trademarking celebratory or signature moves of these sportspersons is not easy and even though there are some sports celebrities who have trademarked their celebratory moves, the legal battle is complicated and tough. There are three main requirements to trademark a celebratory move for a sportsperson. These requirements can turn into hindrances if they are not met with.

#### A. <u>GRAPHICAL REPRESENTATION</u>

 <sup>&</sup>lt;sup>584</sup> Sion Morgan, *Gareth Bale wins bid to trademark heart goal celebration and shirt number*, WALESONLINE (Jun 17, 2013), <u>https://www.walesonline.co.uk/sport/football/football-news/gareth-bale-wins-bid-trademark-4330580</u>.
<sup>585</sup> Jesse Lingard seeks to trademark Illingal nickname and celebration. Nouscass (Iwos 20, 2010)

<sup>&</sup>lt;sup>585</sup> Jesse Lingard seeks to trademark 'Jlingz' nickname and celebration, NovAGRAAF (June 20, 2018), https://www.novagraaf.com/en/insights/jesse-lingard-seeks-trademark-jlingz-nickname-and-celebration.

<sup>&</sup>lt;sup>586</sup> Annabel Crabb, *Talk to the hand if you want to use Hewitt's gesture*, THE SYDNEY MORNING HERALD (January 12, 2008), <u>https://www.smh.com.au/national/talk-to-the-hand-if-you-want-to-use-hewitts-gesture-20080112-gdrwhs.html</u>.

The first requirement is that of graphical representation. This can be achieved either by describing the move in precise and elaborate detail or through the graphical medium of a picture or a drawing. Further, criteria such as the intelligibility, preciseness, clearness, durability, accessibility and objectivity of such a graphical representation may also have to be taken into consideration while registering a celebratory move as a trademark.<sup>587</sup> Graphical representation, though, is more of a practical than a legal problem when registering celebratory moves of sportspersons.<sup>588</sup>

In the US case of *Qualitex v. Jacobson*<sup>589</sup>, the issue involved was one of trademarking the colour of dry-cleaning pads of a brand. The case went to the Supreme Court of the United States which rejected the application for the trademark of the colour but however did hold that in some cases, a colour can meet the legal requirements for a trademark. What is to be noted, however, is the Court's explanation that it is not the word, sign, shape, colour or fragrance of a mark but its source-distinguishing ability which allows it to be registered as a trademark. Under the statutory definition of a 'mark' under the Lanham Act (The Trademark Act of the United States), any 'device' or 'symbol' also under the definition. The court noted this and said that the statutory definition is not restrictive and humans can use as a 'device' or 'symbol' almost anything which is capable of having meaning.

The European Court of Justice (ECJ) in *Ralf Sieckmann v Deutsches Patent- und Markenamt*<sup>590</sup> was a landmark decision which came in 2003 which dealt with the issue of trademarking of the applicant's smell mark. While the court did not grant registration for the same, it laid down several guidelines which would allow non-traditional marks (such as smell and sound marks) to be registered as a trademark. The ECJ had ruled in this case that a trademark need not be perceived of visually. *The only requirement for a successful registration is the ability to graphically represent the impugned mark* (emphasis supplied).

When a mark is graphically represented, it is considerably clearer and more precise and ensures an easier protection of the mark under the respective law relating to trademarks. However, Article 15 of the Trade Related Aspects of Intellectual Property Rights (TRIPS), 1994 digresses from this requirement to an extent and stresses for 'visual perceptibility'

<sup>&</sup>lt;sup>587</sup> SCT/16/2, Standing Committee on the Law of the Trademarks, Industrial Designs and Geographical Indications, Sixteenth Session, World Intellectual Property Organisation (September 1, 2006).

<sup>&</sup>lt;sup>588</sup> Arka Majumdar et. al., *The Requirement of Graphical Representability for Non-Conventional Trademarks*, 11, JOURNAL OF INTELLECTUAL PROPERTY RIGHTS, 313 (2006).

<sup>&</sup>lt;sup>589</sup> Qualitex Co. v. Jacobson Prods. Co., Inc., 514 U.S. 159, 159 (1995).

<sup>&</sup>lt;sup>590</sup> Ralf Sieckmann v Deutsches Patent- und Markenamt, Case C-273/00 ECJ.

instead.<sup>591</sup> Yet, keeping in mind that most TRIPS nations only set a framework for each signatory country to follow, and the fact that most nations focus on the requirement of graphical representation rather than the wider term, 'visual perceptibility', if one seeks to trademark their celebratory move, one would still have to confirm to the requirement of representing the move graphically.

The graphical representation of celebratory moves often takes the form of an image mark on various goods such as clothing, footwear, headgear, accessories, toys, etc. For example, Usain Bolt has registered his celebratory mark for use on clothing apparel and sports products.<sup>592</sup>

Non-traditional marks such as smell marks and sound marks, which are intangible in nature, face a challenge in graphically representing themselves for registration as a trademark. It has been clarified that the mere writing down of the chemical formula of the smell will not entail registration.<sup>593</sup> Further, neither an odour sample nor a sound sample can be called a graphical representation.<sup>594</sup> The only way to register such unconventional marks is to attach a description so precise that no other sound or smell can be confused with the one trying to obtain a trademark registration. Mere descriptions of such an unconventional mark can create confusion.<sup>595</sup> Similarly, if a sportspersons' move is sought to be trademarked, apart from a graphical representation one would require a description of the mark so precise that on a clear reading of it, the move would not be confused with being similar or identical to a move/action performed by another person.

In India, graphical representation is regarded as the sine qua non for registering a trademark. As per Rule 25(12)(b) of the Trademark Rules, 2002, the trademark which is sought to be registered for goods or services must be of such a nature which can be depicted graphically.<sup>596</sup> Rule 28 further goes on to say that the trademark should be able to be depicted on paper.<sup>597</sup> Additionally, Rule 30 states that the graphical representation of the mark should be satisfactory and durable.<sup>598</sup> According to Section 18 of the Trademarks Act, 1999, the

<sup>&</sup>lt;sup>591</sup> The Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994, art. 15.

<sup>&</sup>lt;sup>592</sup> Sharon Daboul, *Has Usain Bolted the Gates on his Brand?*, LAWYER MONTHLY (August 8, 2017), <u>https://www.lawyer-monthly.com/2017/08/has-usain-bolted-the-gates-on-his-brand/</u>.

<sup>&</sup>lt;sup>593</sup> Ibid.

<sup>&</sup>lt;sup>594</sup> Lisa P. Lukose, *Non-Tradtional Marks: A Critique, Journal of the Indian Law Institute*, Vol. 57, No. 2 (April-June 2015), pp. 197-215.

<sup>&</sup>lt;sup>595</sup> Shield Mark BV v. Joost Kist, Case C-283/01, Court of Justice of the European Communities.

<sup>&</sup>lt;sup>596</sup> Trademark Rules, 2002, Rule 25(12)(b).

<sup>&</sup>lt;sup>597</sup> Trademark Rules, 2002, Rule 28.

<sup>&</sup>lt;sup>598</sup> Trademark Rules, 2002, Rule 30.

application seeking registration of a trademark must confirm with the Trademark Rules, 2002.<sup>599</sup>

#### B. **DISTINCTIVENESS**

The second requirement or the hindrance to registering a celebratory move as a trademark is that of the move being able to prove its uniqueness and distinctiveness in the class of the goods or services it intends to monopolise on. The move should be such that it distinguishes one good or service from another. Trademark registration would be given only if it can be shown that the celebratory move is so unique as to be attributable only to that sportsperson and no other person or brand. What needs to be proven is that the said move would not create any confusion among the minds of the consumers with other products or services in the same trademark classification which it seeks to cover. Thus, distinctiveness capable of being a source-identifier and the lack of being able to create confusion or deceit in the public mind serves as the second requirement for trademarking a sportspersons' celebratory move.<sup>600</sup>

For example, in June 2017, the lead singer of the rock band 'Kiss', Gene Simmons, attempted to trademark the popular hand gesture called 'Devil's Horns'. However, the application was withdrawn by the singer after facing great public criticism as well as an opposition application from another person. The reason being that this gesture was used by rock stars since ages and had neither been developed by the lead singer nor was the sign associated exclusively with him. Thus, even if Gene Simmons had moved the application for registering the mark, it would not have been successful as the mark is not distinctive and is of a generic nature.<sup>601</sup>

Section 9(1)(a) of the Indian Trademarks Act, 1999 relating to the absolute grounds for refusal of registration of a mark states that a mark devoid of any distinctive character and unable to distinguish the goods or services of one from another, shall not be eligible for registration.<sup>602</sup> The proviso to Section 9(1) clarifies that if a mark has acquired a distinctive character from its use, then it cannot be refused registration.<sup>603</sup> Furthermore, Section 9(2)(a)

<sup>&</sup>lt;sup>599</sup> Indian Trademarks Act, 1999, § 18, No. 47, Acts of Parliament, 1999 (India).

<sup>&</sup>lt;sup>600</sup> V. A. Монта, Trademarks, Passing off and Franchising (All India Reporter Pvt. Ltd., Nagpur, 2004).

<sup>&</sup>lt;sup>601</sup> Amanda G. Ciccatelli, Why Gene Simmons Abandoned His 'Devil Horns' Trademark Application, IP WATCHDOG (June 29, 2017), <u>https://www.ipwatchdog.com/2017/06/29/gene-simmons-abandoned-devil-horns-trademark-application/id=85168/</u>.

<sup>&</sup>lt;sup>602</sup> Indian Trademarks Act, 1999, § 9(1)(a), No. 47, Acts of Parliament, 1999 (India).

<sup>&</sup>lt;sup>603</sup> Indian Trademarks Act, 1999, proviso, § 9(1), No. 47, Acts of Parliament, 1999 (India).

states that a mark would not be eligible for registration if it is of such a nature that it deceives the public or causes confusion.<sup>604</sup>

In *Imperial Tobacco Co. Of India Ltd. vs Registrar Of Trade Marks*,<sup>605</sup> the question before the Calcutta High Court was whether the appellants' mark, 'Simla', for cigarettes had acquired distinctiveness or not as the word 'Simla' is also the name of a chief town in Northern India. Rejecting the appeal to register the mark, the Court stated that distinctiveness in trade is a requirement which has to be proved for registration.

Distinctiveness is at the core of ground for registration of a trademark with the Registrar. Distinctiveness has to be acquired over time. A short period of time is insufficient to prove distinctiveness.<sup>606</sup> It is also incumbent in an action for infringement or passing off to show that the mark has acquired distinctiveness and the general public associates such a mark with the proprietor's goods or services.<sup>607</sup> Therefore, it would be extremely difficult for a sportspersons' move to be registered as a trademark when no such prior use of the move/action can be attributed to the player showcasing the mark's distinctiveness. While this requirement of distinctiveness is more easily met with when seeking to register traditional marks such as word marks or device marks, the same has to be developed over time with a showcased use of the mark in cases of registering non-traditional marks.

The official website of the Indian intellectual property office does not state that an action or a move can be registered as a trademark. Further, in answering what are the sources of trademarks, the website lists textbooks written by academicians and professional experts as one of the sources, along with international conventions, treaties and decisions of the courts.<sup>608</sup> As we have seen in the above-mentioned examples, marks which are essentially actions of sportspersons have been trademarked. This means that the possibility of registering a celebratory move as a trademark cannot be put out in the case of India, as long as the trademark sought to be registered exhibits the above two requirements.

#### C. INDICATION OF SOURCE OR ORIGIN

<sup>&</sup>lt;sup>604</sup> Indian Trademarks Act, 1999, § 9(2)(a), No. 47, Acts of Parliament, 1999 (India).

<sup>&</sup>lt;sup>605</sup> Imperial Tobacco Co. Of India Ltd. v. Registrar of Trade Marks, AIR 1968 Cal 582.

<sup>&</sup>lt;sup>606</sup> Metropolitan Trading Company v. Respondent: Mohanlal Agarwal and Ors., MIPR 2008 (1) 24.

<sup>&</sup>lt;sup>607</sup> Gillette India Limited v. Harbans Lal Malhotra and Sons Private Limited, 2009 (41) PTC 378 (Cal).

<sup>&</sup>lt;sup>608</sup> Frequently Asked Questions (FAQ), Intellectual Property India, <u>http://www.ipindia.nic.in/faq-tm.htm</u>.

Trademark protection can be extended to anything used to identify a particular good or service and which the human senses are capable of detecting.<sup>609</sup> This statement becomes all the more prominent in light of the *Qualitex*<sup>610</sup> decision. The successful registration of smell marks, sound marks, touch marks, shape marks, etc... are all examples of the veracity of this statement.

One notable work on this subject comes from F. Scott Kieff, Robert G. Karmer and Robert M. Kunstadt who suggest that sporting behaviour, which includes victory celebrations, should in theory be eligible for trademark protection. In fact, they tell us about the third requirement for sports moves to be registered as a trademark, that they should be able to point out to the public a particular good or service which has come to be associated with such a move.<sup>611</sup> If the particular move is not able to point to the source or origin of goods or services, it would not be granted protection under trademark law.

However, it is this third requirement which poses the biggest challenge to trademarking a sportspersons' celebratory move. This is due to the apparent non-attachment of the celebratory move to a good or service. How can a sports move serve as an indication of the source or origin of particular goods and services?

Modern technology can prove to be of great help to us in answering this question. For example, a video of the celebratory move may be played during the advertisement of a product or a service so that consumers may start associating the particular move as well as the celebrity performing the move with the good or service. A video may also be attached with a product being sold on an e-commerce website so that every time a person clicks on the particular product to view or order it, the celebratory move associated with the product can play in tandem. The sportsperson may also, while endorsing a particular brand in an advertisement, showcase using the brand's product while displaying his signature dance or move. What this does, in effect, is that it helps in creating a link in the mind of the consumer between the specific good or service and the sportspersons' signature move which creates the second effect of the consumer associating the particular move with only that particular good or service.

<sup>&</sup>lt;sup>609</sup> J. T. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, (Thomson West 2014).

<sup>&</sup>lt;sup>610</sup> Qualitex Co. v. Jacobson Prods. Co. Inc., 514 U.S. 159, 159 (1995).

<sup>&</sup>lt;sup>611</sup> F. Scott Kieff, Robert G. Kramer & Robert M. Kunstadt, *It's Your Turn, But It's My Move: Intellectual Property Protection For Sports "Moves"*, SANTA CLARA COMPUTER & HIGH TECH L. J., 765, 781-84 (2009).

In terms of protection as a trademark, such a video may be registered as a multimedia mark. Multimedia marks, also known as moving marks, consist of several images shown together in a fast motion so as to project the images as one moving picture. Earlier, moving marks were registered by separately registering each individual image as a trademark. This was because moving marks were traditionally given protection only in copyright law and the concept of registering the movement as one mark was not recognised in trademark law. However, with the growth of trademark legislation, this has changed.

The US Patent and Trademark Office has been a leader in granting registration to multimedia or moving marks. These range from Microsoft's registration of the animation of the three primary colours swirling to form the Microsoft logo to Lamborghini's registration of the opening of its doors which rotate vertically rather than spread in an outwardly direction.<sup>612</sup> Nokia phones' switching on animation involving the reaching out of two hands towards one another is also a registered multimedia mark.<sup>613</sup>

Pointing out that a good is of or from a certain origin is the essence of trademark law in India.<sup>614</sup>

#### **D.** OTHER CHALLENGES

Meeting the above-mentioned three conditions are not the only challenges to registering a celebratory move as a trademark. For example, when registering a sportspersons' move as a multimedia mark, we need to understand that the actual physical move is not being trademarked. Rather, it is the video of the sportsperson performing his celebratory move, taken as a whole, which would become registered. On the basis of the present trademark laws existing worldwide, it is obvious that the physical move cannot be trademarked. Physical moves can only be trademarked in an implicit manner. This implicit registration of the physical move as a trademark can also be seen in the above examples of sportspersons like Usain Bolt and Jesse Lingard who have trademarked their physical moves as image marks for use on clothing, accessories and footwear, etc. With the help of modern technology, we can trademark a signature move in the form of multimedia marks and 3-D marks as seen in the above given examples.

<sup>&</sup>lt;sup>612</sup> MARK PERRY, GLOBAL GOVERNANCE OF INTELLECTUAL PROPERTY IN THE 21ST CENTURY: REFLECTING POLICY THROUGH CHANGE, (Springer 2016).

<sup>&</sup>lt;sup>613</sup> Joan Janneth M. Estremadura, That's my move! Are motion marks eligible for trademark protection?, BUSINESS WORLD (May 21, 2019), https://www.bworldonline.com/thats-my-move-are-motion-marks-eligiblefor-trademark-protection/. 614 K.C. KAILASRAM, VENKATESWARAN ON TRADE MARKS & PASSING-OFF, 72, 75 (LexisNexis 2015).

Consider the case of one of the best basketball players, Michael Jordan. Michael Jordan has a signature move called the 'Air Jordan' slam dunk, which has also come to be used as a device mark on Nike products.<sup>615</sup> If another basketball player were to copy Michael Jordan's move, it would not be difficult for fans of basketball to assume that perhaps this other player is also now associated with Nike or perhaps with Michael Jordan's brand persona.

Another issue, which most IP offices around the world would agree upon, is that granting a trademark to an action or a physical movement risks granting the proprietor of the trademark a monopoly on certain aspects which can easily be replicated by competitors unknowingly or unintentionally. Take, for example, Usain Bolt's 'Lightning Bolt' pose. Were the physical move itself trademarked, Bolt would have been in the capacity to sue hundreds, if not thousands of people who have imitated his pose over the years.

### VI. <u>CONCLUSION</u>

Under India's trademark laws, the scope of registering a sportspersons' celebratory move is limited. Unfortunately, India's laws for registering non-traditional motion marks are inadequate. In comparison, the European Union has equipped itself with much better laws to accommodate the registration of non-traditional marks. In India, marks are only considered registrable as trademarks if they can be represented graphically. While this requirement limits the scope of what can be registered as a trademark, it is an important precondition to stop mindless marks from being registered. Thus, where a celebratory move, an action or some other movement of the body (or a thing) is sought to be registered as a trademark, such actions have to compulsorily meet the requirements of graphical representation, distinctiveness and indicating the source or origin of the same.

There is a perception that obtaining trademark registration for a non-conventional mark is more of a marketing strategy than genuinely protecting a brand's image or reputation from exploitation. However, with the fast growth of the internet and the rising growth of social media platforms where information is easily disseminated within seconds, the protection of any mark which is distinctive in nature becomes extremely important. Further, with the ways in which our digital world is being continuously reshaped, it should come to us as no surprise if in the future, registration of non-distinctive marks become more popular. Ultimately, such

<sup>&</sup>lt;sup>615</sup> Giuliana R. Garcia, *He Shoots, He Scores...and Receives Copyright Protection? How the Current State of Intellectual Property Law Fumbles with Sports, DEN. U. SPORTS & ENT. L. J.* 81, 108 (2011).

marks present to the mark holder an opportunity to create and develop an asset to be profited from by means of licensing or transferring.



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## THE SUCCESS AND FAILURE OF GI TAG IN INDIA: A CRITICAL ANALYSIS OF THE WORKING OF GEOGRAPHICAL INDICATIONS OF GOODS (REGISTRATION AND PROTECTION) ACT, 1999

Yashna Walia<sup>\*</sup> & Shreya Kumar<sup>\*\*</sup>

## **ABSTRACT**

Geographical Indications, the potential messiahs of farmers, weavers and local traders came to India with the Geographical Indications of Goods Act, 1999. Ever since, a lot of government entities have advocated for an increased number of registrations; providing a glimmer of hope to communities that things would change for good. This paper briefly introduces you to the concept of GIs and its history. Things have not been so black and white in this context for India. There are various problems faced by producers post the registration process and the GI remains somewhat symbolic in nature. The paper highlights how much of these GI-tagged products stand marred by those disadvantages which come with lack of quality control and scientific vigour. The Banarasi and Venkatagiri sarees, along with the Pashmina Silk face adversities even though they are registered as GIs. The issue of genericide is also discussed, emphasising on how we ought to have kept its scope narrower than it is in India. However, there also exists a silver lining. There are also some success stories, which although are less in number, provide deep insights into how we can improve the status quo. The Darjeeling tea and Chanderi saree are foremost examples. By showing our successes and failures as two parallels, this piece advocates for betterment through resolution of the different problems highlighted. Strict legal vigilance is required to inhibit the threats faced by these indigenous products and their producers.

YASHNA WALIA, 2<sup>nd</sup> Year, University Institute Of Legal Studies (UIIs), Panjab University, Chandigarh. \* SHREYA KUMAR, 2<sup>nd</sup> Year, National Law University And Judicial Academy, Assam.

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#### I. **INTRODUCTION**

A Geographical Indication (hereon mentioned as GI) is a type of intellectual property which identifies goods originating in a territory, region or locality, where a given quality, reputation and other characteristics are essentially attributable to their geographical origin. GI protects intangible economic assets such as the attributes and reputation of a product through market differentiation. 616

In the marketplace, consumers often find it difficult to assess product quality without searches or experience and normally possess limited information about the valuable attributes The producers, however, possess full information about the product's of the product. attributes and quality relative to other goods in the market. This results in the 'natural chaos' of asymmetrical information. Such information asymmetry can negatively impact the market, or the purchasing choice of consumers, when it is exploited by certain producers who may be inclined to lower the quality of goods supplied, precisely because consumers lack complete information as is often the case. In such a scenario, GIs can help restore the symmetry in information by offering consumers additional information on the products' quality and reputation so that they are not adversely placed against producers. In his model on reputation, Shapiro suggested that reputation operates as a signalling device, which transmits information about a certain quality to the consumers, thereby reducing the consumer's search costs.<sup>617</sup>

It has also been validated that consumers are ready to shed more of their money on buying GI-tagged goods. As per surveys done by the United Nations Conference on Trade and Development (UNCTAD), consumers are ready to pay a premium of up to 10 to 15 percent for GI registered agricultural products. Similarly, consumers are ready to pay a premium of anywhere between 5 and 10 percent for non-agricultural products.<sup>618</sup>

The idea of GIs was rigorously pursued by the European Union in the form of the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights). By recognising IPRs as a crucial component for the development of mankind, it has paved the way for introduction of

<sup>&</sup>lt;sup>616</sup> Kundan Kishore, Geographical Indications in Horticulture: An Indian Perspective, JIPR Vol. 23 (4-5) 151, 159 (2018).

<sup>&</sup>lt;sup>617</sup>Geographical Indications at the Crossroads of Trade, Development and Culture: Focus on Asia-Pacific (Irene Calboli & Ng-Loy Wee Loon eds., 2017). 618 Id. at 337.

intellectual property through a systematic approach.<sup>619</sup>

The rationale for such protection was best given by Pascal Lamy, the then European Trade Commissioner:

'they reinforce the economic fabric in farming communities through the presence of additional industries; they are a wealth multiplier, a collective right that belongs to communities; it guarantees that the use of a name will remain attached to a region and to the community that saw its birth; they encourage a more balanced distribution of added value between producers and distributors, and between countries of the North and the South, on the other; they stimulate quality and consequently strengthen competitiveness; and they contribute to the identity of the heritage of countries and regions.'<sup>620</sup>

Article 22.1 of the TRIPS Agreement defines GI as

'Geographical indications are, for the purpose of this agreement, indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin'<sup>621</sup>

Articles 22.2 and 23 of the agreement clearly reveal that it provides for two different levels of protection for GIs. Article 22.2 provides for the general standards of protection that must be available for all GIs against unfair and misleading business practices.<sup>622</sup>

Article 23 of the TRIPS Agreement provides additional protection to GIs only in cases of wines and spirits which means they should be protected even if there is no risk of misleading or unfair competition. The Article further imposes an obligation upon the member countries to legislate to prevent the use of GIs regarding wines or spirits, which do not originate in the place indicated. <sup>623</sup>

It was the granting of a patent of Basmati Rice to Rice Tec Inc. by the US Patent office in 1997 that caught India off-guard. Even though India was a signatory of the TRIPS Agreement, it was yet to enact any domestic legislation regarding GIs. India had to resort to

<sup>&</sup>lt;sup>619</sup> J Adithya Reddy & Siladitya Chatterjee, <u>A Critique of the Indian Law and Approach towards Protection of</u> <u>Geographical Indications with Specific Reference to Genericide</u>, JIPR Vol. 12 (6) 553,573 (2007).

 $<sup>^{620}</sup>$  Reddy & Chatterjee, <u>supra</u> note 4, at 572.

<sup>&</sup>lt;sup>621</sup> Kishore, <u>supra</u> note 1, at 159.

 $<sup>^{622}</sup>_{623}$  <u>Id</u>.

 $<sup>^{623}</sup>$  <u>Id</u>. at 160.

challenging the patent in the US Court of Law which was an expensive procedure. Fortunately, India was successful, and Rice Tec was granted a narrower patent of only a few variants of Basmati.<sup>624</sup>

India finally enacted the Geographical Indications of Goods (Registration & Protection) Act in 1999 (hereon referred as the Act). The GI Act was followed by the Geographical Indications of Goods (Registration and Protection) Rules of 2002. The Intellectual Property office in Chennai is in charge of the GI Registry of India. While some claim that the Act is largely based on European Regulations, others believe the Indian system to be sui generis one.

The definition of GI as adopted by India is as follows-

'Geographical Indication', in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.'<sup>625</sup>

Under the act, names that do not denote the name of a country or region or locality can still be considered for registration as long as they relate to a specific geographical area and are used in relation to goods originating from that region. This provides the leeway for extending protection, to other symbols, such as 'Alphonso mangoes' and 'Basmati rice'.<sup>626</sup>

Unlike other intellectual property rights, any association of persons, producers, organisation or authority established by or under the law can apply for registration of a GI. It provides exclusive rights to the community/ authorised users for GI products and the GI is non-transferrable. GIs embody the collective reputation that consumers place on the association or group of producers. Unlike a patent, a GI can be continued to be protected indefinitely by renewing its registration (after ten years). <sup>627</sup>

<sup>&</sup>lt;sup>624</sup> <u>Id</u>.

<sup>&</sup>lt;sup>625</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999, § 2 (1) (e).

<sup>&</sup>lt;sup>626</sup>Calboli & Wee Loon, <u>supra</u>, 344.

<sup>&</sup>lt;sup>627</sup> Kishore, <u>supra</u> note 1, at 160.

Chapter VIII of the act is entitled as 'Offences, Penalties and Procedure'. Therein, Section 38 mentions the elements necessary for constituting the offences of falsifying and falsely applying GIs. If a person (without the assent of the authorized user) makes a deceptively similar GI (of a genuine GI) or commits the alteration, addition or effacement of a genuine GI, he/she is said to have falsified a GI. If a person (without the assent of the authorized user) applies a GI or deceptively similar GI to goods or uses any such package with the intent of packing, filling or wrapping it with goods other than the genuine goods, he/she would be deemed to have falsely applied a GI. The burden of proving the assent of the proprietor lies on the accused. The above two acts, coupled with the possession of any die/block/machine/paint or other instrument for the purpose of such falsification demands penalty under Section 39 of the Act. The convict shall be subject to imprisonment (of not less than six months, which may extend to a period of three years) and fine (of not less than 50,000 rupees, which may extend to 2, 00,000 rupees). <sup>628</sup>

### II. <u>UNSUCCESSFUL FACTOR</u>

The benefits of GI are abundant and if utilized properly, they can play a major role in boosting the economy of a region and spearheading the path for growth and development in the indigenous community. Especially for developing countries like India; GI acts like an insurance or protection, for the manufacturing happening in rural areas where the producers cannot invest in branding owing to a lack of marketing skills, infrastructure, legal awareness, etc. The GI tag plays a very important role in creating brand equity for these indigenous producers. Like it has in the case of tequila manufacturers in Tequila (Mexico). Tequila, the oldest GI outside Europe is quite an influential case, recognized as one of the most economically successful non-European GIs.<sup>629</sup>

However, it is imperative to understand that the Act has not passed with flying colours when it comes to its scrutiny. Its failures have been allegedly threesome. Some contend that its inability to narrow the scope of genericide as mentioned in Section 9 turns to be problematic. Others are unhappy with its policy implications, for it does not provide for strict postproduction control as well as support. The third pertains to the lack of scientific vigour that ought not to be associated with the GI-tagging of agricultural products.

<sup>&</sup>lt;sup>628</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999.

<sup>&</sup>lt;sup>629</sup> Sarah Bowen & Ana Valenzuela Zapata, <u>Geographical indications, terroir, and socioeconomic and ecological</u> <u>sustainability: The case of tequila</u>, 25, J. Rural Stud. 108, 108 (2009).

#### A. LACK OF POST- PRODUCTION CONTROL

It is pertinent to mention that the Indian law does provide for some measures guaranteeing quality control. Section 11 of the act prescribes the application for registration of a GI. Section 11(1) states that any association or organisation of producers or persons claiming to represent the interest of the producers can get the concerned goods registered by following a specific procedure. Section 11(2) lists the components of such an application. It must include a statement as to how the good is concerned with a specific territory, in respect of its inherent natural and human factors and production. Also, the respective class of goods, geographical map of the territory, particulars of its appearance and of the producers must be mentioned. Form GI-1 (which is mandated to be filled as a part of the procedure) suggests that the applicant group should identify an 'Inspection Body' which is responsible for quality control of the products within the GI.<sup>630</sup>

In fact, Rule 32 (1)(6)(g) of the Geographical Indications of Goods (Registration and Protection) Rules, 2002 specifically requires particulars of the inspection structure, if any, to regulate the use of GI in respect of the goods for which application is made in the definite territory, region or locality mentioned in the application.<sup>631</sup> Still, it is important to note that the non-existence of an inspection structure will ultimately not be considered as sufficient ground for demonstrating the inadequacy of an application to register a GI for the final granting of the GI under Indian law. It has been contended that the current legislative framework has no teeth as there is no statutory liability imposed on inspection bodies under the current Act in the event that they fail to conduct periodic verification of compliance with the product specifications of the associated GI. At present, if members of the collective group entitled to use the GI, or consumers, want to hold a member of the group accountable for not complying with the quality standards of the products, the only course of action available is under Section 27 of the act, which provides for the cancellation of registration of the noncomplying member from the list of authorised GI producers.<sup>632</sup> It says that the tribunal can cancel or vary the registration of a GI on the ground of any contravention or failure to observe the condition entered on the register.<sup>633</sup> Here, the tribunal means the Registrar or the Appellate Board.<sup>634</sup> Before making such an order, they are bound to give notice to the parties

<sup>&</sup>lt;sup>630</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999.

<sup>&</sup>lt;sup>631</sup> The Geographical Indications of Goods (Registration and Protection) Rules, 2002, Rule 32 (1) (6) (g). <sup>632</sup>Calboli & Wee Loon, <u>supra</u>, 345.

<sup>&</sup>lt;sup>633</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999, § 27.

<sup>&</sup>lt;sup>634</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999, § 2 (1) (p).

concerned, and provide them with an opportunity to be heard. If an order for rectification is passed by the Appellate Board, it shall direct such a notice to the Registrar, who shall rectify the register accordingly.<sup>635</sup>

However, the abovementioned mechanisms have proved to be inefficient in maintaining the quality of GI-tagged products. Lack of quality control, in turn, proves to be an incentive for 'free riders' within the said community.

Free-riders are those members within a collective group who decide to lower the quality of the products to compete with other GI producers, or producers of similar products outside the GI-denominated market, especially when consumers are agnostic or unaware about those distinctions.<sup>636</sup>

The scenario could have been better if the act would have mandated the setting-up of inspection bodies. These inspection bodies are imperative in checking that the producers do not lower the goods' quality. Also, to ensure that such necessitation does not allay poor communities from registering, the minimum infrastructural requirements should be kept low as long as the checking is conducted efficiently. Alternatively, the government can consider providing monetary or infrastructural aid to these communities, so that the sanctity of the GI is protected.

What must be pointed out is that even though inspection bodies have been set up for a lot of GI-tagged goods, they are still not able to prevent infringements. This is because the functioning of these bodies is not regulated, and they are not held answerable until and unless a complaint is made to the tribunal. It is pertinent that such legal provisions are included in the act which regularize the number of times inspections are to be carried out and set up a statutory body to which these bodies send timely reports. Any existing body may also be given this responsibility, provided it is well-equipped to do so and no conflict of interest is bound to ensue.

It must also be noted that no discrimination should be made in terms of whether the inspection body/proprietor of the GI is a government body. Government departments, boards, academic institutions and entities supported by the government constitute more than half of

<sup>&</sup>lt;sup>635</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999, § 27.

<sup>&</sup>lt;sup>636</sup>Calboli & Wee Loon, <u>supra</u>, 334.

the total proprietors.<sup>637</sup> Nevertheless, their activities in terms of scrutinizing must also be reviewed and regularized.

It is this very lack of post-production control that has made the producers and stakeholders involved with certain GIs to become helpless. Their expectations with the successful registrations proved to be futile. The famed Banarasi saree, the Venkatagiri saree and Pashmina silk prove to be apt examples.

#### THE BANARASI SAREE

The Banarasi saree has been quite a fashion statement among celebrities of late. But behind this veil of happiness and tradition, lies a starkly grim reality of the producers of this GItagged product.

There has been widespread poverty and malnutrition throughout the traditional weaver community. Such destitution and despondency among the weavers have forced them to commit suicide or has precipitated employment shifts, as evidenced by MGNREGA benefits. Most of the skilled workers have now turned to unskilled work.<sup>638</sup>

Since the Mughal era, Banarasi sarees have enjoyed a distinguished reputation based on account of their fine silk, gold or silver brocade or zari, and opulent embroidery. <sup>639</sup> To protect this very authenticity, several organisations had filed an application for GI registration in 2007. They finally secured the GI in 2009.

The applicant group had identified five inspection bodies in their application to the GI registry. These inspection bodies are the Department of Handlooms (Government of Uttar Pradesh), the Development Commissioner (Handlooms), the Weavers' service centre, Master Weavers' Self-Regulation and the Textiles Committee.

At present, the Banarasi Saree operates with a multitude of certification marks such as the Silk mark and the Handloom mark. The Silk Mark Organisation of India (SMOI), the registered owner of the SILK mark, had introduced a high-security nano particle-embedded fusion label as a mark of purity for Banarasi silk to enable customers to verify the

<sup>&</sup>lt;sup>637</sup> Soumya Vinayan, <u>Geographical Indications in India: Issues and Challenges - An Overview</u>, 20 J. WORLD INTELL. PROP. 122 (2017).

<sup>&</sup>lt;sup>638</sup>See Krishna Dwivedi et al., <u>Restore glory of the Banarasi sari</u> (Dec. 21, 2012),

https://www.thehindubusinessline.com/opinion/Restore-glory-of-the-Banarasi-sari/article20543149.ece#.

<sup>&</sup>lt;sup>639</sup>Calboli & Wee Loon, <u>supra</u>, 347.

authenticity of the source of the silk . New ideas have emerged in the attempts to popularise Banarasi sarees as 'green products' to capture newer markets abroad.<sup>640</sup>

However, none of the above seem to have helped the state of Banarasi saree's collective reputation for it is said that the penetration of markets by inferior quality products is so deep that the ordinary Indian consumer can no longer be sure of the quality of the Banarasi saree he/she is buying.<sup>641</sup> Surat-made synthetic sarees and Chinese-made sarees are regularly off as Banarasi products in different markets across India. These 'Surat-made Banarasi style sarees' are produced at a fraction of the cost (due to the use of synthetic materials and polyester) in comparison to an 'authentic' Banarasi saree.<sup>642</sup>

Cheap raw material imports have led to the sale of what are known as Kela sarees. These use banana tree resin to create threads which are then polished to give the look of a silver or gold thread. Moreover, there is a tenfold rise in the number of operating powerlooms in the district of Varanasi itself, although certain other studies put higher estimates.<sup>643</sup> This uncertainty raises transaction costs for the consumers and thus acts against the collective group of producers.

However, the weavers do not choose to move courts to enforce their rights but instead seek to compete with the Surat and China-made products by lowering their products' quality itself. This is because they fear that they would be unable to bear the economic brunt that is likely to be associated with such protracted litigation. Instead, most of the producers seem to have no problem with lowering their products' collective reputation.

The Banarasi saree has not been able to benefit from its GI tag because its inspection bodies have failed to stop its weavers from lowering the quality for their goods. This is why the effective functioning of these bodies must be regulated through legal provisions. Also, the producers do not file cases as they do not want to face the brunt of prolonged and exhausting litigation. Thus, it also becomes pertinent that disputes relating to GI are legally allowed to settle through alternative means of dispute resolution, or separate mechanisms for resolving such complaints are set up.

#### THE VENKATAGIRI SAREE

- <sup>642</sup><u>Id.</u> at 334.

 $<sup>{}^{640}</sup>$ <u>Id.</u> at 346-347.  ${}^{641}$ <u>Id.</u> at 348.

<sup>&</sup>lt;sup>643</sup> Krishna Dwivedi et al., supra note 10.

The Venkatagiri Handloom Sarees Apex Society of Andhra Pradesh is the registration holder of the Venkatagiri Saree. This saree is woven in Venkatagiri, a small town which is situated about 60 kms away from Nellore in Andhra Pradesh. It is woven with fine 100's cotton yarn in both warp and weft. The saree is ornamented with zari in pallow and border. Jacquards are used to weave extra weft designs. Generally, soft and pastel colours are used in the saree. It is woven on a traditional fly shuttle pit loom. Its speciality lies in sizing of its warp and weft yarns.<sup>644</sup> It became the 18<sup>th</sup> Indian saree to get the GI tag.

Nonetheless, even the Venkatagiri saree could not save itself from facing the brunt of misuse and replication on account of the laxity of rules concerning quality control.

Power looms in Tamil Nadu are reported to have copied the designs of these sarees. The lack of support from government wings coupled with the weavers' lack of awareness of economic activity has proved to be disadvantageous.

It has been reported that the Department of Handicrafts under Ministry of Textiles, Government of India, provides support to these artisans and invites them to exhibitions and other commercial activities in the country. But the department is confined to issuing identity cards ignoring post-production support.<sup>645</sup>

While it is being stressed that the government needs to supply silk yarns at subsidised prices to shield weavers from prize volatility; it is also true that the weavers are not contemplating legal action against the copyists of their designs. This is because they feel consumers would be able to distinguish between handloom and powerloom products. The weavers also blame lack of proper publicity for their downfall.<sup>646</sup>

It is probably the fear of protracted litigation that mitigates the producers from taking any legal action. Thus, the need for setting up or allowing alternative mechanisms or means of dispute resolution stands highlighted again.

#### PASHMINA SILK

<sup>&</sup>lt;sup>644</sup> Ministry of Textiles, Government of India, <u>A Compendium of Indian Handicrafts & Handlooms covered</u> <u>under Geographical Indications (GI)</u> 159 (2017).

<sup>&</sup>lt;sup>645</sup>See PV Prasad, <u>GI tag fails to help Venkatagiri Saree</u> (Jun. 29, 2015, 10:14 AM),

https://www.thehansindia.com/posts/index/Andhra-Pradesh/2015-06-29/GI-tag-fails-to-help-Venkatagiri-sari/160174.

<sup>&</sup>lt;sup>646</sup> Pathri Rajasekhar, Tag no help to weavers (Jun 14, 2015, 11:26 AM),

https://www.deccanchronicle.com/150614/nation-current-affairs/article/tag-no-help-weavers.
The Pashmina Silk is yet another GI-tagged product which has been facing adversity from the powerloom industry imitating its designs and selling fake Pashmina products. A lot of such fake products can be sourced to Amritsar (located in Punjab).

The locals lament that this mechanisation is threatening their livelihood as well as bringing disrepute to handcrafted Kashmir pashmina.<sup>647</sup>

This indigenous fabric is said to have been presented by Napoleon Bonaparte to his lady love, Josephine. The Kashmir Pashmina refers to the extremely soft woollen fabric with fibres spun out of 'Capra Hiracus', also known as the Pashmina goat.

The Craft Development Institute (CDI) was responsible for facilitating the GI Registration of the Pashmina Silk. However, it only acted as a temporary registered proprietor since the GI was assigned to TAHFAUZ, an association that comprises a diverse group of Kashmir artisans. Unfortunately, when the application for the GI was filed, the identification of an inspection body was suspended until a later time.<sup>648</sup>

A testing centre had been set up by the Union Commerce ministry at the Crafts Development Institute (CDI) for testing the purity and genuineness of handmade Pashmina. But local artisans allege that the centre exists only in name. According to Rouf Ahmad Qureshi, president of the Kashmir Pashmina Karigar Union (KPKU)-

"The establishment of a testing centre is basically useless as it was never started (became operational). The only thing there is a building with a bunch of fancy equipment inside but it was never put to work, no quality checking has ever taken place there, it's a wastage of resources."<sup>649</sup>

The Pashmina Testing and Quality Certification Centre (PTQCC) was sanctioned under the Assistance to State for Infrastructure Development of Exports (ASIDE) scheme by the Union Commerce Ministry and Rs. 4.40 crore was provided for its establishment. The authorities claim that they have fined a lot of traders for selling fake Pashmina products.<sup>650</sup> Procedurally, authentic Kashmiri Pashmina shawls will receive the Kashmir Pashmina Mark (GI) by the PTQCC after verification of the weaving technology, the spinning method and the

 <sup>&</sup>lt;sup>647</sup> Press Trust of India, <u>Kashmir's famed pashmina threatened by cheap imitations</u> (Jul. 28, 2015, 03:04 PM), https://www.freepressjournal.in/india/kashmirs-famed-pashmina-threatened-by-cheap-imitations.
 <sup>648</sup>Calboli & Wee Loon, supra, 350.

<sup>&</sup>lt;sup>649</sup> Press Trust of India, <u>supra</u> note 32.

<sup>&</sup>lt;sup>650</sup><u>Id.</u>

genuineness of the raw materials. In order to ensure greater authenticity, a microchip known as the Secure Fusion Authentic Label (SFAL) would be attached to the product with a unique number that could be read under infrared light. To date, the effectiveness of the PTQCC in guaranteeing the quality of the GI-denominated products still needs to be proven, as the system is in a nascent stage.<sup>651</sup>

In spite of the above provisions, the artisans claim no relief and allege that the traders are mixing some other fabric to it so that it could survive powerloom vibrations.<sup>652</sup>

The Pashmina Silk, too, has become a victim of the non-regularisation of inspection bodies. It is because there is no legal provision that governs how inspection bodies function which leads to the denigration of the quality of such products and fails to incentivize the artisans.

### B. LACK OF SCIENTIFIC VIGOUR

It has been contended that there is a difference between 'uniqueness' of a product and product specialty. Product specialty is the outcome of geographical factors, while uniqueness may be the outcome of geographical and other non-geographical factors in combination or exclusively due to the latter. A study of registered GIs reveals the lack of conceptual understanding and scientific rigour in defining uniqueness of the product. In the case of 'Allahabad Surkha', the statement in GI Journal No. 19 'flesh whitish sometimes pink' may confuse customers. In case of 'Naga mircha', the statement 'it is known as the hottest chilli on earth' is not a scientifically established truth. Lot of research initiatives are required to establish the uniqueness of the agricultural products. Both specialty and uniqueness must be given equal emphasis because when consumers are aware about specialty, they lay more emphasis on uniqueness as a decision making criterion for purchase. However, this information is said to be completely missing in most of the registered agricultural GIs in the country.<sup>653</sup>

#### C. THE ISSUE OF GENERICIDE

It has been submitted that even though we were under the obligation to enact a domestic legislation with regard to GIs, we ought not to have included such provisions blindly which may inadvertently affect us. Such a provision is Section 9 of the Act which tackles with the

<sup>&</sup>lt;sup>651</sup>Calboli & Wee Loon, <u>supra</u>, 351.

<sup>&</sup>lt;sup>652</sup> Press Trust of India, <u>supra</u> note 32.

<sup>&</sup>lt;sup>653</sup>See SK Soam& M Hussain, <u>Commercialization of Indigenous Health Drinks as Geographical Indications</u>, JIPR Vol. 16(2) 69, 173-174 (2011).

issue of genericide. Section 9 provides a wide ambit to take into consideration whether a good has become generic or not. This is because we not only consider the 'country of origin' (as obligated), but also the 'areas of consumption' (which is a TRIPS-plus obligation).

The explanation to Section 9 of the Act states that:

'In determining whether the name has become generic, account shall be taken of all factors including the existing situation in the region or place in which the name originates and the area of consumption of the goods'.<sup>654</sup>

It has been contended that TRIPS required us to only consider the country of origin; and its predecessor, the Lisbon Agreement, was equally narrow in its consumption.

It may well be that we have walked into a trap where we find that all our traditional agricultural products and food stuffs, which have gained considerable reputation in the market, have become generic names. This is because when we consider areas other than the place of origin, we are likely to find that the producers in these areas have also started producing them on a large scale and selling them to consumers using the original geographical name/ indication- a practice which is not prohibited by TRIPS so long as the consumers are not misled. This has already happened in the case of Basmati Rice, where Ricetec has claimed that the term 'Basmati' has fallen into the public domain and is a generic name in North America. Consumers, in turn, may not understand the significance of RiceTec selling them rice named 'Basmati' and may well consider the term to be a common or generic name.<sup>655</sup>

### SUCCESS STORIES

Whatsoever its limitations, stating that the act has benefitted no commodity/product would be nothing less than a blatant lie.

Taking the example of two major case studies in India, which have ushered in prosperity for both the indigenous workers and the exporters, thus carving a niche for themselves in the market, we seek to analyse some major factors that led these to become the success stories which they are today.

<sup>&</sup>lt;sup>654</sup> The Geographical Indications of Goods (Registration and Protection) Act, 1999, § 9.

<sup>&</sup>lt;sup>655</sup> Reddy & Chatterjee, <u>supra</u> note 4, at 576.

### III. DARJEELING TEA

### A. AN INTRODUCTION

Darjeeling tea, with its floral aroma and a distinctive flavour has won the patronage of many consumers, across the globe. Often termed as the Champagne of teas, its connoisseurs have appreciated it for centuries.

Tea cultivation in these steep, hilly areas have brought economic growth and well-being through improvement in the local inhabitants' employment situation. Another, important social aspect to be noted here is that most employees on Darjeeling's tea estates are women. Over 70% of the total produce is exported abroad.<sup>656</sup> The major portion of the annual production of Darjeeling tea is exported, the key buyers being Japan, Russia, the United States, and the United Kingdom and other European Union (EU) countries such as France, Germany and the Netherlands.<sup>657</sup>

### THREATS TO THE ORIGINAL DARJEELING TEA

An adequate legal protection is essential for the protecting the legal rights of legitimate holders of Darjeeling tea, as a safeguard from malpractices carried out by various commercial entities, both in the domestic and international market. It had been observed on a frequent basis that tea produced in countries like Kenya, Sri Lanka or Nepal had often been passed off around the world as 'Darjeeling tea'. Darjeeling Tea's reputation was at stake as tea produced elsewhere would be sold under the Darjeeling brand, causing damage to consumers and denying the premium price to Darjeeling tea industry.<sup>658</sup>

### LEGAL PROTECTION PURSUED FROM AN EARLY STAGE

The earliest step taken by the Tea Board of India towards protection of the 'Darjeeling' brand was undertaken in 1983, when the 'Darjeeling' logo was created. The Tea Board obtained home protection for the Darjeeling logo as a certification trade mark under the Indian Trade and Merchandise Marks Act 1958 (now the Trade Marks Act, 1999). In 1986, the logo was registered as a trademark in several other countries like the UK, the USA, Canada, Japan,

<sup>&</sup>lt;sup>656</sup>Bowen & Zapata, supra note 14.

<sup>&</sup>lt;sup>657</sup> S. C. Srivastava, <u>Protecting the Geographical Indication for Darjeeling Tea</u>, World Trade Organization (2005)

https://www.wto.org/english/res\_e/booksp\_e/casestudies\_e/casestudies\_e.htm.

<sup>&</sup>lt;sup>658</sup>Dr. Sudhir Ravindran & Ms. Arya Mathew, <u>The Protection of Geographical Indication in India – Case Study</u> on 'Darjeeling Tea' IPRI 2009 Report. 58, 61 (2009).

Egypt, and under the Madrid Agreement covering Germany, Austria, Spain, France, Portugal, Italy, Switzerland and former Yugoslavia<sup>659</sup>.

In the absence of a separate law dedicated exclusively to GIs in India during that time, the word 'Darjeeling' was also registered under the Trade and Merchandise Marks Act 1958 in class 30 in the name of Tea Board in 1998.<sup>660</sup>

When the Act in India was enacted in September 2003, the Tea Board applied for GI protection of 'Darjeeling' in October 2003. In October 2004, Darjeeling was granted the GI status in India to become the first application to be registered in India as a GI.<sup>661</sup>

# STRINGENT LEGAL VIGILANCE AND ACTION TAKEN AGAINST VIOLATIONS ACROSS THE WORLD

As early as 1998, Tea Board has hired the services of Compumark, an international Watch Agency that keeps the organization informed of all attempts to register the word "Darjeeling" worldwide. Ever since the appointment of the watch agency, several instances of attempted registrations have been found. Some have been challenged through oppositions and cancellations and some through negotiations.<sup>662</sup> Tea Board of India spends about Rs. 9.4 million to pursue legal protection, employing international watch agencies, and bearing its expenses to combat infringements around the world. <sup>663</sup>

An example illustrating the same would be the case of BULGARI, Switzerland which agreed to withdraw the legend 'Darjeeling Tea fragrance for men' pursuant to legal notice and negotiations. The Tea Board has fought almost 15 cases against infringement and misuse of the word Darjeeling Tea worldwide in countries like Russia, USA, Japan, France, Germany, Israel, Norway and Sri Lanka etc.<sup>664</sup>

Tea Board had filed a case against Republic of Tea (RoT), a US company, which was trying to register Darjeeling tea in the US under the name Darjeeling Nouveau, seeking rejection of

<sup>&</sup>lt;sup>659</sup> Kaushik Basu, <u>Darjeeling Tea - A Geographical Indication (GI)</u>, World Intellectual Property Organization, https://www.wipo.int/edocs/mdocs/geoind/en/wipo\_geo\_lim\_11/wipo\_geo\_lim\_11\_11.pdf (last visited May 27, 2020).

<sup>&</sup>lt;sup>660</sup> Ravindran & Mathew, <u>supra</u> note 43.

<sup>&</sup>lt;sup>661</sup><u>Id.</u>

<sup>&</sup>lt;sup>662</sup>Parag Shil& Suchismita Das, <u>Indian Tea Industry In The Context Of Intellectual Property Right (Ipr) And</u> <u>Geographical Indication (GI)</u>, APJMMR, Vol.1 No. 2, October 2012 IRJC.

<sup>&</sup>lt;sup>663</sup> Vinayan, <u>supra</u>, 128.

<sup>&</sup>lt;sup>664</sup> Ravindran & Mathew, <u>supra</u> note 43.

the same. Tea Board had filed the case in 2000 before the Trademark Trial & Appeal Board (TTAB), seeking rejection of the trademark application. Tea Board officials said TTAB not only upheld Tea Board's claim, but also denied RoT's counterclaim for cancellation of the Darjeeling certification mark on grounds of genericness.<sup>665</sup>

In France, Jean-Luc Dusong had registered a mark consisting of the name Darjeeling, with the logo of a teapot in respect of goods and services such as artwork, engravings, books, journals, etc. Tea Board moved the French court in 2003 to protect the Darjeeling brand under the Act. Initially, the Court of First Instance in Paris rejected the claim on the grounds of dissimilarity and held that Mr Dusong's mark was not deceptive. Finally, the Court of Appeal reversed this ruling and upheld Tea Board's claim. It observed that by adopting the name Darjeeling along with the device of a teapot, Mr Dusong had attempted to benefit from the renown and economic value associated with the GI.<sup>666</sup>

### STRICT QUALITY CONTROL IMPLEMENTED

Since February 2000, a vital step was taken, wherein the statutorily compulsory system of certifying the authenticity of the Darjeeling tea being exported would be implemented which was put in place under the provisions of a Federal Indian Act known as the Tea Act, 1953. The system envisages all dealers in Darjeeling tea to compulsorily enter into a License Agreement with the Tea Board India against an annual License Fee. The terms and conditions included were that the licensees would furnish information relating to production of Darjeeling tea, manufacture and sale of such tea through auction or otherwise. This enables the tea board to compute and compile the total volume of Darjeeling tea produced and sold for the same period. Blending with teas of other origin is strictly prohibited.<sup>667</sup>

### B. CHANDERI SAREE

### INTRODUCTION

Chanderi is a town located near Betwa river in District Ashok Nagar (Madhya Pradesh), India. With a population of about 30,000, approximately 10,000 to 12,000 are estimated to be

<sup>&</sup>lt;sup>665</sup>Sutanuka Ghosal, <u>Brand Darjeeling is up, running now</u>, The Economic Times (Jan 10, 2007). https://economictimes.indiatimes.com/industry/cons-products/food/brand-darjeeling-is-up-runningnow/articleshow/1115909.cms?from=mdr

<sup>&</sup>lt;sup>666</sup><u>Id.</u>

<sup>&</sup>lt;sup>667</sup> Basu, <u>supra</u> note 44.

involved in weaving of chanderi sarees/ fabrics. There are 4,000 looms functioning here, thereby leading to the development of a business worth Rs 65 crore every year, as per a 2012 industry report.<sup>668</sup>

The uniqueness of Chanderi lies in its fabric- it is transparent, shiny and has a sheer texture; a close weaving style is involved, and it has individual woven booties – single and double pick (motifs). The most popular and traditional booti is Asharfi Booti, which is in shape of Asharfi (woven in gold and silver zari.). Sarees are considered to be the primary products, while their other upcoming products include dupattas, dress material, home furnishing etc. <sup>669</sup>

### THREATS TO THE LEGITIMACY OF CHANDERI SAREE AND ITS WEAVERS

The genuine Chanderi products, which were handwoven by skilful weavers of Chanderi faced severe competition from fake powerloom products made in Varanasi and Surat, which could be sold at a much cheaper rate. They are either woven with zari or woven plain and sent to Jaipur for block printing and are not involved with Chanderi or its weavers.<sup>670</sup>

The finished products look so similar to the original one that it is difficult to make out any difference between the imitation powerloom and the original handloom ones. Thus, there was a decline in demand, leading to loss of jobs and income for the indigenous weavers. Another outcome of this venture is the migration of a new generation to urban areas thereby posing a threat to its survival.

There was a time, when the town's weavers were completely dependent on the exploitative traders, to bring their products to the market, earning a meagre amount of Rs 100 per saree, a fraction of its sale price.<sup>671</sup>The big traders and the Master Weavers would have a profitable trade and as per some estimates; they could make up to 200% profit on certain sarees. The small weavers, in spite of their high skill base however, continued to remain poor and ill-paid and were largely living at the bare subsistence level. There was no association representing the weavers' interests, which made them even more vulnerable.<sup>672</sup>

<sup>&</sup>lt;sup>668</sup> Malini Nair, <u>Cloning the Chanderi</u>, Times of India (June 21, 2015).

https://timesofindia.indiatimes.com/topic/Cloning-the-Chanderi/news

<sup>&</sup>lt;sup>669</sup>Dr.Ruppal W Sharma & Ms. Shraddha Kulhari, <u>Marketing of GI Products: Unlocking their Commercial</u> <u>Potential</u>, Centre for WTO Studies IIFT 10, 52 (October, 2015).

<sup>&</sup>lt;sup>670</sup><u>Id.</u>at 54.

<sup>&</sup>lt;sup>671</sup>Nair, <u>supra</u> note 53.

<sup>&</sup>lt;sup>672</sup> Kasturi Das, <u>Prospects and Challenges of Geographical Indications in India</u>, The Journal of World Intellectual Property 13, 148 – 201 (2010).

### SOCIAL UPLIFTMENT LEADING TO LEGAL EMPOWERMENT

In 2003, the United Nations Industrial Development Organization (UNIDO), in collaboration with the state government of Madhya Pradesh, launched a three-year-long Cluster Development Programme in Chanderi with poverty alleviation as the prime objective. A major issue was the lack of voice and control by the poor weavers; thus a strategy was formulated to create a collective forum owned and controlled by them and to empower it economically and socially to address poverty. Hence, the initial focus was on organizing small, homogeneous networks of relatively independent weavers in the form of Self-Help Groups (SHG). In the initial phase, 60 SHGs were formed. Major SHGs include Bunkar Vikas Sangh and Tana Bana.<sup>673</sup>

The Chanderi Development Foundation (CDF) was created as the representative body for the whole Chanderi cluster and as a platform for the overall development of the cluster. Chanderi was registered as a GI in 2005 by the Chanderi Development Foundation. <sup>674</sup>

### LEGAL VIGILANCE AND GI AWARENESS

The enforcement strategies adopted by "Chanderi Fabric", another famous textiles GI of India, include a survey of selling points and supply chains of duplicate "Chanderi" in Indian metros; intimating dealers regarding legal implications of such misuses and the potential penalties that may ensue; and filing of cases against infringement, among others<sup>675</sup>

# PRODUCT PROMOTION AND MARKETING TAKEN UP POST GI REGISTRATION

A GI logo was developed and will be registered soon.GI tagged labels were distributed freely to master weavers, traders and were encouraged to use this logo in their bill books, communication, etc. Letters were sent to retailers and buyers informing them about the GI. Financial support was provided to Chanderi weavers for participation in national and international exhibitions. Sensitization workshops for GI were conducted<sup>676</sup>

A website was set up for awareness of Chanderi products and the GI (www.Chanderigi.com). An E-commerce portal, chanderiyaan.chanderi.org, was launched in

<sup>&</sup>lt;sup>673</sup>Id.

 $<sup>^{674}</sup>$ <u>Id.</u>

<sup>675&</sup>lt;u>Id.</u>

<sup>&</sup>lt;sup>676</sup> Sharma &Kulhari, <u>supra</u> note 54, at 54-55.

2013, as a joint project of Digital Empowerment Foundation (DEF) in collaboration with Media Labs Asia. It also has a strong presence on social media websites like Facebook and Twitter<sup>677</sup>

In the Commonwealth Games, 2010 held at Delhi, winners were gifted with an 'angavastram'. The angavastram had been crafted from Chanderi fabric. The CWG Organising Committee ordered 1,375 stoles of Chanderi Fabric for athletes and another 10,000 as merchandise on the initiative of the Textiles Ministry resulting in an order value worth Rs. 50 lakhs. This resulted in big volumes and revenue for the weavers and more importantly gave significant publicity for the Chanderi handlooms.<sup>678</sup> In addition, Chanderi has seen visits from celebrities coming there to shoot, promote their films that has produced widespread publicity and endorsement of the Chanderi Saree. 679

The Chanderi fabric has also been promoted through rural tourism, especially in the case of resorts located in the village of Pranpur, which won the National award for rural tourism (Outlook Traveller June 2012). The buildings display the skill of Pranpur craftsmen depicted in the Chanderi fabric and visitors even have the option of visiting the weavers.<sup>680</sup>

### **TECHNOLOGICAL, ECONOMICAL & SOCIAL BENEFITS REAPED**

An increased technological support has led to upgradation of looms, apart from traditional designs, new contemporary designs too are being made. The Chanderi Weavers' ICT resource centre was inaugurated for training the weavers and assisting those who operate without looms. Training has been provided by major institutions like NIFT, NID, IIT. Other facilities being provided include a digital library, digitisation of designs, museum, handloom park, Wi-Fi facilities etc. Increased interaction with customers, have made the weavers market savvy.681

The economic benefits include the rapid increase in the turnover which has increased from an estimated Rs 15-20 crore in 2003 to Rs 60+ crore in 2012. There was an increase in the number of looms and the weaver wages', who now managed to get a salary between Rs 12,000 to 16,000 per month. The overall standard of living amongst the weavers' families

<sup>&</sup>lt;sup>677</sup><u>Id</u> at 56. <sup>678</sup><u>Id</u> at 57.

<sup>&</sup>lt;sup>679</sup><u>Id.</u>

<sup>&</sup>lt;sup>680</sup>Id at 58. 681 Id at 62.

have improved, now pucca houses are being built, and an increasing number of children are being sent to school.<sup>682</sup>

# IV. KEY TAKEAWAYS AND FURTHER RECOMMENDATIONS

As observed in the case of Venkatagiri Saree, the government needs to enforce post production control even after the product gets GI registered. Another viable solution could be attaching a microchip to the authentic product; an idea conceived in the case of the Pashmina silk, but with little implementation to be seen.

Adulteration, poor value-based pricing, consumers getting deceived from counterfeit products would've led to massive damage to the reputation of Darjeeling Tea. An important observation which is quite laudable is that much before the advent of GI in a country like India, where Intellectual Property Rights remained a shrouded concept in the 1980s, Tea Board of India acted way ahead of its time by creating a logo, registering the same in various parts of the world. Needless to say, this was a step in the right direction and has paid off really well.

A successful implementation of GI tag has resulted in successful protection of the producer's commercial and legal interests, thus encouraging the consumers to perceive Darjeeling Tea as a luxury tea, which would justifiably derive a premium and ensure economic prosperity for all stakeholders.

If other producers of GI Tagged products also employ the services of modern technology (like Compumark) it will enable them to keep a strict legal vigilance for counterfeit products and prevent them from flooding the market. The producers should also take the efforts like the producers of Darjeeling Tea to get their IPR Tags registered in other countries as well to ensure an effective protection.

In the case of Chanderi fabric, it is seen that in the initial stages; effective intervention by the government, with the support received from UNIDO, played a major role in establishing SHGs, and in later stages, a more formal association. What initially began as a task of poverty alleviation, resulted in a successful endeavour, with the weavers now having a more organized representative body. An important point to be noted is that the efforts of the Chanderi Development Foundation (CDF), led to the GI Registration. Thus, it can be easily

<sup>&</sup>lt;sup>682</sup><u>Id</u> at 69.

inferred that once the workers got together and formed a structured collective, they themselves took the appropriate legal step in the right direction.

Moreover, the costs involved in the design, control and supervision of brands are immense. The inspection and supervision system for quality control and infringement is either non-existent or non-functioning in the case of most GI Tagged products. Most producers of GI tagged products are in the unorganised sector and some levels of hand holding in terms of funding for awareness, brand building and involvement of stakeholders will go a long way in strengthening the market networks in the initial phases.<sup>683</sup>

Aside from providing infrastructural support at the initial level, the Government should also facilitate the creation of independent statutory bodies, responsible for inspections and quality control. As observed in the unsuccessful case studies, there exist multiple Governmental inspection bodies which furthers the confusion leading to lack of accountability and dereliction of duties. It is suggested that a single independent statutory body appointed by a body of eminent persons be created, which would be responsible for balancing the interests of the authentic GI tagged product producers (mostly belonging to the unorganised sector), and the quality conscious consumers ranging from the domestic to international level.

Another remarkably interesting point in the Chanderi Case Study, is that even after the GI Registration, the CDF continued playing an active role in the marketing and promotion of their product. Initiatives, like establishing e-commerce website, being active on social media platforms, collaborating with digital platforms have all led to the product being noticed globally, so much so that they were used widely as mementos in the Commonwealth Games.

It is said that fortune favours the bold, and fortune did smile upon Chanderi with the widespread publicity it received from the 2010 Commonwealth Games as well as celebrity visits to the town. This led to skyrocketing demands, making Chanderi known domestically as one of India's reputable heritage handlooms, and building an exotic, exquisite brand for itself on the global front.

Rural tourism of Pranpur has been used in an effective manner to showcase the Chanderi fabric, thereby resulting in its promotion. The Chanderi GI success story is quite a wholesome one, as it has not only led to development of the economy but has led to

<sup>&</sup>lt;sup>683</sup> Vinayan, <u>supra</u> note 22, at 128-129.

betterment of the society as a whole. With an increase in the standards of living, and the weavers earning a much higher amount than before, the society has progressed. While the Case Study of Chanderi Fabric is one of the few cases, which has turned out to be really well, post GI registration, it can serve as a galvanizer for other GI Registered products, and the societies behind them.

### V. <u>CONCLUSION</u>

The journey of GI in India has been an asymmetrical one. Two broad ends of the spectrum are seen where on one hand; pan India popular GI tagged products including the likes of Banarasi Saree, Venkatagiri Saree and the exquisite Pashmina Silk fail to compete with their fake counterparts flooding the market as a result of which the indigenous producers, skilled weavers and traditional artisans behind these much sought after products continue to get exploited and denied of their due recognition and economic prosperity. Various other factors too have acted as substantial hindrances. On the other end of the spectrum GI tagged products like Darjeeling Tea and Chanderi Saree have proven to be breakthrough success stories, boosting the local economy to new levels, ushering in global recognition, an exotic reputation as well as economic prosperity. The importance of GI in India is extremely high, with a treasure trove of GIs in agricultural and non-agricultural sectors. The Act is at an initial stage as its awareness among producers and traders is really low in terms of their social and economic benefits and significance.<sup>684</sup>

<sup>&</sup>lt;sup>684</sup> Vinayan, <u>supra</u> note 22, at 128-129.



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# CASE REVIEW

# M/s. SHREE KRISHNA INTERNATIONAL ETC. v. GOOGLE INDIA PVT. LTD. AND OTHERS

Anjana Girish\*

# ABSTRACT

It is indisputable that in the present scenario, internet websites have become a major source of entertainment for the public as they get the share of their daily dose of movies, songs and other materials, free of cost. Millions of people rely on such internet websites for viewing and sharing audiovisual works, cinematograph films etc. Most of the content being uploaded and shared in such sites might be subject to copyright. This calls into perplex issues mainly pertaining to the juxtaposition between the freedom of the users to upload, view and share such copyrighted content in these sites, and the rights of the copyright owners to prevent such infringing activities on their copyrighted content in such sites. The liability of the intermediaries for the infringing acts done by its third party users in its platform is a major question to be answered in the wake of millions of such cases happening daily. The case had called for a close scrutiny of the ambit of infringement done by the third part users and the knowledge required by the intermediaries with regard to such activities done by its users in their sites.

<sup>&</sup>lt;sup>\*</sup> ANJANA GIRISH, Assistant Professor, Inter University for IPR Studies, Cochin University of Science and Technology, Cochin – 22.

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### I. BRIEF FACTS OF THE CASE

The plaintiffs are the producers of cinematograph films and owners of copyright in different works, such as cinematograph films and other audio visual works, and sound recordings. The defendants are the owners and proprietors of the internet website www.youtube.com, which is used as a platform for uploading, sharing and viewing different types of works and other materials, without charge. The defendants generate profit, mainly from advertising revenues through their website. The plaintiffs allege direct infringement charges against the defendants, since the works which are uploaded and shared on the website of the defendants include copyrighted content of the plaintiffs, and the same are being reproduced, publicly performed and communicated to the public, without obtaining any permission, authorisation or license from the plaintiffs. The plaintiffs further impute infringement claims on the defendants as they permit for downloading content from their website, by using mechanisms such as "Youtube Downloader". Consequently, the plaintiffs claim infringement of their rights granted under Sections 14 (a) (i), 14 (a) (iii), 14 (d) and 14 (e) (iii) of the Copyright Act, 1957. The plaintiffs claim considerable loss of revenue due to such infringing activities facilitated by the defendants in their website.

### II. ISSUES ADDRESSED BY THE COURT

The main issues sought to be addressed by the Hon'ble Court were, whether the defendants through their website, have permitted for profit, a place/platform to be used for communication of the plaintiffs' works to the public, which amounts to infringement of copyright under Section 51 of the Copyright Act, 1957. Also at issue is "whether the defendants have directly or indirectly infringed the plaintiffs' copyright; as well as whether the defendants are entitled to immunity under Section 79 of the Information Technology Act, 2000", and the effect of such immunity.

### III. <u>RATIO OF THE CASE</u>

The Hon'ble Court in this judgment has held that the defendants have infringed the copyright of the plaintiffs by uploading the movies and other audiovisual works of the plaintiff on their website. It was also held that the defendants did not remove the infringing content, despite being fully aware of the titles of the same. Thus, according to the Court, it is not necessary to locate the exact URLs to remove the infringing content. It was further held that the defendants are not entitled to immunity from liability for infringement under Section 79 of the Information Technology Act, 2000, as they indulge in modifying the content of the videos by inserting advertisements in the videos.

### IV. <u>APPRAISAL OF THE JUDGMENT</u>

The Court has erroneously identified that the defendants being the owners and proprietors of the website, have committed infringement by permitting to upload the copyrighted content of the plaintiffs on their website. Even if it is admitted that the defendants are earning huge profits from their advertising revenues in the website, the defendants cannot be held liable for direct infringement of the plaintiffs' copyright by providing a platform for its users to upload their content on the website. In fact the sole premise on which the judgment is based seems to be the amount of profit generated by the defendants, rather than an analysis of compliance with the due diligence measures required to be taken by the defendants.

The Court also seems to be confused about the difference between direct and indirect infringement of copyright, as is evident from the ratio in the first issue that "the plaintiff... has never granted any authority/license or consent and permitted for profit the defendants' place/platform to be used for communication of the plaintiffs work/films to the public."<sup>685</sup> Though the first issue is whether the defendants are permitting a place for profit by permitting the uploading of infringing content on their website, nothing in this regard has been dealt with by the Hon'ble Court, and it was simply held that the defendants have committed infringement. However, the court has misconstrued the level of knowledge required by the defendants in this regard. The Court has consequently held that the defendants have infringed the plaintiffs' copyright by communicating the films of the plaintiff without their license or consent.

The Court has also held that the defendants are capable of removing the infringing content, even without obtaining the URLs of the content which is to be removed. This calls into question the prime issue of the level of knowledge required by the intermediaries regarding the infringing content being uploaded on their websites. It is observed by the Court here that the defendants could have removed the infringing content from their website after the injunction which was passed in 2011, and the same was not removed in spite of knowing the titles of the infringing contents, from the plaint. The Court is of the opinion that the

<sup>&</sup>lt;sup>685</sup> Para 21, p.16, of the judgment.

knowledge of the titles of infringing content would suffice to get hold of the URLs of such infringing content. This finding of the Court comes as a surprise as it is quite evident that unless the exact URLs of the content are provided, it is not possible to identify as to whom it belongs to. The same justification though raised by the defendants was paid no heed to by the Hon'ble Court. It is unjustifiable to demand automated filtering mechanisms for identifying and barring infringing content from such websites due to the huge amount of content being uploaded in such websites every minute. The chances of such automated filtering mechanisms may also lead to confusion, and ultimately removal of content being uploaded even by legitimate users, such as persons who may have acquired licenses from the copyright owners. This will only lead to further chaos in the matter. Thus the Hon'ble Court in this judgment has diluted the level of knowledge required by the intermediaries of the infringing content uploaded on their website. The ruling of this Hon'ble Court on this point marks a strict departure from the ratio of the Delhi High Court in Myspace Inc. v. Super Cassettes Industries Limited<sup>686</sup>. In Myspace case, it was observed that only when the intermediary has specific or actual knowledge, or has reasonable belief based on the information provided by the content owners, and in spite of having such knowledge or reasonable belief, it has failed to remove the infringing content, and it can be held liable for infringement of copyright. The Hon'ble Court in this judgment has failed to appreciate that general awareness of the infringing content is not sufficient to locate the exact infringing content, and actual or specific knowledge of the same is required by the intermediaries to take action on such infringing content.

The next issue pertains to whether the defendants are entitled to immunity under Section 79 of the Information Technology Act, 2000. The Hon'ble Court in this judgment has categorically held that the defendants are not entitled to immunity under Section 79 of the Information Technology Act, 2000. However, the Court has not provided sufficient reasons as to why the immunity does not accrue to the defendants in this case. Taking cue from the judgment of the Delhi High Court in Christian Louboutin SAS v. Nakul Bajaj and others<sup>687</sup>, the Court in this judgment has erroneously reached the conclusion that the defendants are not entitled to immunity under the Information Technology Act, 2000, without citing proper reasons for arriving at such a conclusion. The reason accorded could be that the insertion of advertisements by the defendants leads to modification of the uploaded content. However, in

<sup>&</sup>lt;sup>686</sup> 2017 (69) PTC 1 Del (DB). <sup>687</sup> MANU/DE/4019/2018.

Myspace judgment, it was clearly held that insertion of advertisements through automated process does not result in modification of content, but only a modification to the format of the video. Though the Hon'ble Court in this judgment makes a mention of this dictum in Myspace case, the Court has reached a conclusion opposite to it, and has rendered the defendants with no immunity under the Information Technology Act, 2000. The Hon'ble court should have appreciated that insertion of advertisements through an automated process, which has no manual interference does not result in modification of the content uploaded in the website.

An intermediary like Youtube which follows the requirements for exemption from liability for the third party information, data or communication hosted by it, under Section 79 (2) and (3) of the Information Technology Act, 2000, it is doubtful as to how the defendants could be held liable for infringement for the activities of its users in its website. It is clear from the evidence provided by the defendants, and the modalities of such intermediaries which was explained in detail in Myspace judgment, that such intermediaries neither initiate the transmission nor select the receiver of the transmission, or select or modify the information provided in the content. Hence it is untenable that the defendants were denied immunity from infringement under Section 79 (2) of the Information technology Act. Moreover, the policy of Youtube being clear on the due diligence it takes with regard to the content uploaded in the website, it is also entitled to immunity under Section 79 (3) of the Information technology Act. Unless the exact URL of the infringing content is provided to the website, the technical difficulty of getting such content removed must have been appreciated by the Hon'ble Court.

Though the Court makes a mention of the Information Technology (Intermediaries Guidelines), 2011, in the context of the Christian judgment mentioned above, it has failed to take the effort to understand the policies and practices followed by Youtube with respect to the due diligence it takes with regard to the content being uploaded in their website. Moreover, the Court seems to have avoided further discussions on the relevance of Section  $79(3)(b)^{688}$  of the Information Technology Act, 2000 in the instant case. In case the intermediary has failed to take down or disable the material even after receiving actual knowledge or on being notified by the Government or its agencies, Section 79(3) (b) could

<sup>&</sup>lt;sup>688</sup> Section 79(3)(b) of the Information Technology Act provides that the exemption from liability of the intermediary shall not apply, if the intermediary fails to expeditiously remove or disable access to the material in case "it has received actual knowledge or has been notified by the Government or its agencies that any information, data or communication link residing in or connected to a computer resource controlled by the intermediary is being used to commit the unlawful act."

have been invoked so as to establish that Youtube is not eligible for the safe harbor under the Information Technology Act, 2000. Hence the decision of the Hon'ble Court in reaching at a conclusion against the defendants seems to be hastily taken, without proper appreciation of the evidence provided.

Also it was held in this case that the defendants are not liable to get the benefit of Section 52 (1) (b) and (c) of the Copyright Act, since the provision was inserted into the Act by the amendment in 2012. The issue having occurred in 2011, the defendants cannot claim benefit of the said provisions of the Copyright Act. Thus the defendants are not entitled to claim benefit under Section 81 of the Information Technology Act also.

### V. <u>CONCLUSION</u>

This decision being consequent to the rationale decision in Myspace judgment, the least this Hon'ble Court could have done is to correctly appreciate the evidence adduced by the defendants with regard to the modalities followed by them in their website. Unfortunately, the Court in this judgment has failed to consider the technical difficulties that such intermediaries face while locating and removing the infringing content, without being provided with the URLs of such content sought to be removed. The due diligence followed by the intermediaries in this case has been ignored by the Court, and they have been barred from claiming the immunity which they should have got legitimately as per the laws applicable in the country. The repercussions that such judgments have on the freedom of expression of the millions of people in India who rely on such websites is yet to be answered.



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# FRACTIONAL CONTROL SYSTEM AND ITS EMERGENCE: AN ANALYSIS THROUGH PATENT AND NON-PATENT LITERATURE

Miss Smita Padhy,\* Dr. Tapas Kumar Bandyopadhyay\*\*

# ABSTRACT

Presently, there is requirement for more accurate, precisioned and stable control systems. Use of fractional calculus in fractional order control system (FCS) enhances the performance of the system. In this paper, an attempt has been made to have an overview of the history, evolution of fractional control systems and to establish a relationship with IPR. In a nutshell, an attempt has been made through this research paper to fill the gap of FCS & patent law and thus creating a symbiotic linkage between the two. A comparative analysis of FCS has been done with respect to its emergence and patenting trend between Indian and foreign inventors etc. considering patent literatures (PLs) and non-patent literatures (NPLs) as the source of research. It is observed that non patenting activities are prevailing in India whereas patenting activity is more in China. This may be due to easy patent protection system in China that includes utility patent also

<sup>\*</sup> Ex-Scientist, KIRAN-IPR, Technology Information, Forecasting and Assessment Council (TIFAC)

<sup>\*\*</sup> Associate Professor, RGSOIPL, IIT Kharagpur.

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### I. <u>INTRODUCTION</u>

It is observed that non-Integer systems are also known as fractional order systems (FOS). "Fractional calculus" is used to model the dynamic systems more accurately, which can be defined as the generalization of conventional calculus to orders of integration and differentiation not necessarily integer.<sup>689</sup> Report indicates that four situations are noticed in closed loop control systems and they are: (i) integer order (IO) plant with IO controller (ii) IO plant with fractional order (FO) controller (iii) FO plant with IO controller and (iv) FO plant with FO controller.<sup>690</sup>

It is reported that the control industry is dominated by IO-PID controller since  $\log^{691}$ , but considering the matured practical use of FO-PID; it is believed that the later will gain increasing impact and wider acceptance. Some real world examples, prove that fractional order control is ubiquitous when the dynamic system is based on distributed parameters.<sup>692</sup> The real dynamic systems in the culture of industrial instrumentation are better characterized using a non-integer or fractional order dynamic model based on fractional calculus or, differentiation or integration of non-integer order.<sup>693</sup> Iso-damping property of Non-Integer or Fractional order controller fulfills the need of accuracy level in certain dynamic systems. Large number of patent applications filed by the researchers in the aforesaid field from different countries as compared to Indian context signify their awareness of protecting the same via patenting. The objective of this paper is to find out the emerging patenting trend in "Fractional order Control Systems" with respect to different fields in different countries focusing mainly on Indian framework. An attempt will be made to do a comparative analysis on the publication and patenting trend of FCS between India and other foreign countries by collecting patent and non-patent literatures.<sup>694</sup>

<sup>&</sup>lt;sup>689</sup> C.A. Monje, Y.Q. Chen, B.M. Vinagre, D. Xue, V. Feliu, Fractional order Systems and Controls, Springer-Verlag, London, 2010.

<sup>&</sup>lt;sup>690</sup> Y.Q. Chen, I. Petráš, D. Xue, Fractional Order Control - A Tutorial, American Control Conference, pp. 1397-1411, 2009.

<sup>&</sup>lt;sup>691</sup> Zak, Stanislaw H., Systems and control. New York: Oxford University Press, 2003.

<sup>&</sup>lt;sup>692</sup> Yang Quan Chen, Ubiqutous Fractional Order Controls, Centre for Self-organizing & Intelligent Systems, Department of Electrical & Computer Engineering, Utah State University, Utah, USA.

<sup>&</sup>lt;sup>693</sup> D. Xue, Y.Q. Chen, A Comparative Introduction of Four Fractional Order Controllers, Proceedings of the 4th World Congress on Intelligent Control and Automation, Shanghai, P.R. China, pp. 3228-3235, 2002.

<sup>&</sup>lt;sup>694</sup> https://patents.google.com/(accessed 25 March 2018 );Levine W.S., The Control Handbook: Control System Applications, second ed.,2010.

### II. EVOLUTION OF FRACTIONAL ORDER CONTROL SYSTEMS

The mathematical phenomena, popularly called "Fractional Calculus" describes a real object more accurately than the classical "integer-order" methods.695 A typical example of a noninteger (fractional) order system is the voltage-current relation of a semi-infinite loss transmission line or diffusion of the heat through a semi-infinite solid, where heat flow is equal to the half-derivative of the temperature. Fractional calculus is a field of mathematics study that grows out of the traditional definitions of calculus integral and derivative operators in much the same way fractional exponents is an outgrowth of exponents with integer value [. The concept of fractional calculus (fractional derivatives and fractional integral) is not new. Even, in 1695 L'Hospital asked the question as to the meaning of if  $n = \frac{1}{2}$ ; that is "what if n is fractional?". Leibniz replied that" will be equal to x". It is generally known that integerorder derivatives and integrals have clear physical and geometric interpretations. Since the appearance of the idea of differentiation and integration of arbitrary (not necessary integer) order there was not any acceptable geometric and physical interpretation of these operations for more than 300 years. It is shown that geometric interpretation of fractional integration is " 'Shadows on the walls'" and its Physical interpretation is "Shadows of the past".<sup>696</sup> In the last years it has found to be used in studies of visco-elastic materials, as well as in many fields of science and engineering including fluid flow, rheology, diffusive transport, electrical networks, electromagnetic theory and probability. In the last decades of the last century there has been continuing growth of the applications of fractional calculus mainly promoted by the engineering applications in the fields of feedback control, systems theory, and signals processing. Recent findings support the notion that fractional-order calculus should be employed where more accurate modeling and robust control are concerned. Specifically, fractional order calculus found its way into complex mathematical and physical problems. In general, fractional-order calculus may be useful when modeling any system which has memory and/or hereditary properties.<sup>697</sup> In the field of automatic control, fractional calculus

<sup>&</sup>lt;sup>695</sup>Levine W.S., The Control Handbook: Control System Applications, second ed.,2010. Katsuhiko Ogata, System Dynamics, fourth ed., Prentice-Hall, New Jersy,2002

<sup>&</sup>lt;sup>696</sup> Igor Podlubny, Geometric and Physical Interpretation of Fractional Integration and Fractional Differentiation, Department of Informatics and Control Engineering, Technical University of Kosice, Slovak Republic,2008.

<sup>&</sup>lt;sup>697</sup> Shantanu Das, Functional Fractional Calculus for System Identification and Controls, Library of Congress Control Number: 2007934030, ISBN 978-3-540-72702-6 Springer, Berlin Heidelberg New York, 2007.

is used to obtain more accurate models, develop new control strategies and enhance the characteristics of control systems. Several toolboxes have been developed for this particular set of tasks. Among them are MATLAB toolboxes CRONE [12], developed by the CRONE team, NINTEGER, developed by Duarte Valério[13] and FOMCON developed by Dr. Aleksei Tepljakov[14]. Evolution can be categorized as per the need or as per the philosophy which is described briefly in the following sub sections.

### **Need Based Evolution**

Real objects in nature are generally fractional and hence Fractional calculus can more accurately describe them. Traditional calculus is a particular case of Fractional calculus [2]. The main reason for using the integer-order models was the absence of solution methods for fractional differential, integral equations. It can be used in control theory, capacitor theory, and circuit.

### Philosophy based Evolution

The basic control actions in the frequency domain are mainly proportional, derivative, and integral, and their main effects over the controlled system behaviour are: to increase the speed of the response, and to decrease the steady-state error and relative stability [1]. The aforesaid controller is less sensitive to changes of parameters of the control system and this is due to the two extra DOF to better adjust the dynamical properties of a fractional order control system. Hence, fractional order control philosophy weighs more than the integer order control as per its increasing demand in practical applications.

### III. EVOLUTION OF FRACTIONAL CONTROL

Figure 1 depicts a graphical view of the timeline of different scientists in the fractional domain, starting from Newton. It is observed that fractional calculus is used even in 1650.

	1650-1700	
Isaac Newton(1643-1727)	Gottfried Leibnibtz(1646-1716)	L. Hopital(1661-1704)
		•

	1700-1750	
L. Euler(1707-1783)	Lagrange(1736-1813)	Laplace(1749-1827)

1750-1800	
Fourier(1 <u>768</u> -1830)	

1800-1850							
Abel	Liouville	Weierstrass	Riemann	Letnikov	Grunwald	d Mitta	g Leffler
(1802-1829)	(1809-1882)	(1815-1897)	(1826-1866)	(1837-1888)	(1838-19	20) (1846	5-1927)
1850-1900							
Heaviside	Nekraso	v Weyl	Littlew	vood Hardy	Rie	esz	Levy
(1850-1925)	(1853-19	(1885-2	1955) (1885-	1977) (1877-1	(18	66-1969)	(1886-197

1900
William Feller(1906-1970)



# A. <u>ADVANTAGES OF FRACTIONAL ORDER CONTROL SYSTEM OVER</u> <u>INTEGER ORDER CONTROL SYSTEM</u>

The fundamental advantage of Fractional Order Control system is that the fractionalorder integrator weights history using a function that decays with a power-law tail. The effect is that the effects of all time are computed for each iteration of the control algorithm. This creates a 'distribution of time constants,' the upshot of which is there is no particular time constant for the system.<sup>698</sup>

<sup>&</sup>lt;sup>698</sup> M. S. Tavazoei, M. Haeri, S. Bolouki, and M. Siami, Stability preservation analysis for frequency-based methods in numerical simulation of fractional-order systems, SIAM Journal on Numerical Analysis, vol. 47, pp. 321–338, 2008

The fractional integral operator is different from any integer-order rational <u>transfer</u> <u>function</u>, in the sense that it is a non-local operator that possesses an infinite memory and takes into account the whole history of its input signal.<sup>699</sup>

Fractional-order control shows promise in many controlled environments suffering from the classical problems of overshoot and resonance. Fractional-order control is capable of suppressing chaotic behaviors in mathematical models like muscular blood vessels.<sup>700</sup>

# B. <u>ADVANTAGES OF FRACTIONAL ORDER PID CONTROLLER OVER</u> <u>INTEGER ORDER PID CONTROLLER</u>

We can analyze specifically the advantages of FOPID controllers over the classical or IOPID controllers as:

- In fractional order PIDs we have 5 parameters unlike 3 in conventional PIDs. Hence, we have more parameters to tune which will lead to better accuracy.<sup>701</sup>
- Implementation of conventional PIDs requires one invariable pole and 2 zeros whereas several poles and zeros are required in fractional PIDs<sup>702</sup>
- In fractional order PID controller, step responses have roughly constant overshoots even when the gain of the plant varies.<sup>703</sup>
- A Fractional order PID controller enhances the control performance compared to integer or conventional PID controller<sup>704</sup>

<sup>&</sup>lt;sup>699</sup> M A Rahimian and M S Tavazoei; Stabilizing fractional-order PI and PD controllers: an integer-order implemented system approach , JSCE1043 Proc. IMechE Vol. 224 Part I: J. Systems and Control Engineering.
<sup>700</sup> Aghababa, Mohammad Pourmahmood; Borjkhani, Mehdi. Chaotic fractional-order model for muscular blood vessel and its control via fractional control scheme". Complexity. 20 (2): 37–46.

 <sup>&</sup>lt;sup>701</sup> S. Debbarma, L.C. Saikia, N. Sinha, Automatic generation control using two degree of freedom fractional order PID controller, Int. J. Elec. Power Energ. Syst. 58 (2014) 120–129.
 <sup>702</sup> Duarte Valerio, Jose Sa da Costa, Tuning-Rules for Fractional PID Controllers, IFAC Proceedings

<sup>&</sup>lt;sup>702</sup> Duarte Valerio, Jose Sa da Costa, Tuning-Rules for Fractional PID Controllers, IFAC Proceedings Volumes, Vol.-39, January 2006.

<sup>&</sup>lt;sup>703</sup> M A Rahimian and M S Tavazoei; Stabilizing fractional-order PI and PD controllers: an integer-order implemented system approach, JSCE1043 Proc. IMechE Vol. 224 Part I: J. Systems and Control Engineering.

<sup>&</sup>lt;sup>704</sup> Duarte Valerio, Jose Sa da Costa, Tuning-Rules for Fractional PID Controllers, IFAC Proceedings Volumes, Vol.-39, January 2006.

- It is less sensitive to changes of parameters of the control system and this is due to the two extra DOF to better adjust the dynamical properties of a fractional order control system.<sup>705</sup>
- Tuned fractional order PIDs perform better than the tuned PID as the former are more flexible .
- For the derivative action, introduction of π/2 phase lead in the frequency domain increases the relative stability whereas sensitivity is increased with the increase of gain having a slope of 20dB/dec.
- When integral action is considered, the introduction of  $\pi/2$  phase lag decreases relative stability and infinite gain at zero frequency eliminates steady-state errors
- Frequency domain experiments are more preferred in different fields such as electrochemistry, material science etc. having memory phenomena to obtain equivalent electrical circuits for correct reflection of the dynamic behavior of the system.
- The aforesaid fields use lumped elements such as resistors, inductors, and capacitors and hence some unexpected behaviors may be the outcome.
- Fractional operators arise in a natural way in the frequency domain which can be observed by the use of standard definitions of repeated integrals and derivatives.

### A. FRACTIONAL CONTROL SYSTEM & PATENTING

FCS being an emerging advanced technological field. Inventions in this field demands protection in the form of IPR to reward inventor and or author. One of the main functions of the patent system is to foster technological innovation by providing an incentive for research and development. The patent system also works to disseminate technical information and promote technology transfer by decreasing transaction cost. Patenting of FCS will undoubtedly promote more innovations in the specific fields such as robotics, bio-medical and aerospace engineering. These are the areas which need accuracy and robustness at exact dimensions, not attained by the classical control system generally.

<sup>&</sup>lt;sup>705</sup> S. Debbarma, L.C. Saikia, N. Sinha, Automatic generation control using two degree of freedom fractional order PID controller, Int. J. Elec. Power Energ. Syst. 58 (2014) 120–129.

# IV. FRACTIONAL ORDER SYSTEMS & CONTROL: LITERATURES BY INDIAN AND FOREIGN AUTHORS

### A. NPLS & PLS BY INDIAN AUTHORS

#### NON-PATENT LITERATURES BY INDIAN AUTHORS

Figure 2 shows no. of non-patent literatures by Indian authors in the last 8 years. It is observed that the maximum number. Of research papers published in the year 2017. This indicates that FCS field has been progressing over the years.



### Figure 2: NPL [Non Patent Literature] publications by Indian Authors in last 8 years.

Figure 3 illustrates that control engineering plays vital role in having more than 50% of literatures, some other application fields such as "Nuclear Engineering", "Computer & Electronics Engineering" etc. are making their presence felt.



Figure 3: NPLs on fractional order concept by Indian Authors in different fields.



# 1. PATENT LITERATURES BY INDIAN INVENTORS

Figure 4 shows the no. of patent literatures by Indian inventors in the last 8 years shows that year 2018 has secured the top position by attaining maximum no. of publications on application of FOS and FCS in various fields.

Figure 4: PL publications by Indian Inventors in last 8 years

Figure 5 illustrates that Indian inventors have tried to implement FOS and FCS in various fields which is a welcoming step. Though Electrical Engineering acquires the top position in patent filing it is seen that some of them are abandoned. The statistics of NPLs and PLs reflects the fact that some authors are not applying for patents at all. This shows that though the research is in full swing, due to some or the other factors the no. of granted patents is almost nil.



Figure 5: PLs on fractional order concept by Indian Inventors in different fields.

### B. NPLS & PLS BY FOREIGN AUTHORS

### 1. NON-PATENT LITERATURE (NPL) BY FOREIGN AUTHORS

Figure 6 illustrates NPL by foreign authors. It is observed that that "Robotics" and "Control Engineering" have occupied almost 60% out of other various fields. Some applications are also found in rare fields such as "Astronautics" & "Aerospace" etc. This shows the interest of the authors in implementing FCS, FOS in different fields worldwide. Hence, the trend of research is same as in India.



Figure 6: NPLs on fractional order concept by Indian Authors in different fields.

### 2. PATENT LITERATURE BY FOREIGN INVENTORS

Figure 7 illustrates that up to year 2010, China was in the nascent stage in terms of published or granted patents in the respective field. The duration 2011-2015 and 2016-2018 clearly shows the up rise of China in terms of filing, publishing and granting of patents. This shows the unique combination of their hard work, right attitude towards research and proper implementation of IP law.



Figure 7: No. of patents per country in the duration 2000-2018.

It is observed that China is dominating in this field. Let us discuss a brief of Chinese patent law.

### 1. Registration process<sup>706</sup>

In case of no formality objections, lack of substantive examinations lead to the registration of a utility model patent which is granted within 6-12 months. This quick file-to-grant cycle makes the easy and quick entry of the new products in the market.

2. Short Life Inventions <sup>707</sup>

Short life products are well protected via utility model patents. These are particularly well suited for protecting the improvements of existing products which normally don't satisfy the requirements for obtaining an invention patent.

3. Dual-filing system<sup>708</sup>

Simultaneous application of an invention patent and a utility model patent are possible for the same subject matter. The patent owner can enjoy the benefits of the fast issuance of the utility model patent, as well as the advantage of the longer term protection of the invention patent.

Besides the above significant factors some other advantageous factors are "Less requirement for inventive step", "Cheaper compared to invention patent applications", "Prompt enforcement", "Enforcement venue options", effectiveness etc.

Figure 8 shows the patent literatures from foreign inventors.

<sup>&</sup>lt;sup>706</sup> K.S. Miller, B.Ross, An Introduction to the Fractional Calculus and Fractional Differential Equations, John Wiley and Sons, Newyork, 1993.

<sup>&</sup>lt;sup>707</sup> https://www.deacons.com.hk/news-and-insights/publications/10-advantages-of-chinese-utility-modelpatents.html (accessed 8 September 2018).

<sup>&</sup>lt;sup>708</sup> https://www.deacons.com.hk/news-and-insights/publications/10-advantages-of-chinese-utility-modelpatents.html (accessed 8 September 2018).



**Figure 8:** Patent literature (PLs) on fractional order concept by Foreign Inventors in different fields.

From figure 8, it is very much clear that foreign inventors have been filing patent on use of fractional order. They have reached almost all the significant fields of science and engineering in terms of applying and protecting fractional order concept. "Control Engineering" secures the top most position among all other fields. It is observed that maximum patents are in granted status.

### V. OBSERVATION AND CONCLUSION

It is observed that the rate of filing of patents in India is very less as compared to other foreign countries, discussed in this paper. The search statistics indicates a remarkable degree of difference in the no. of patent literatures and non-patent literatures by Indian authors. This may create an alarming situation for the IP protection of scientific and engineering researches.Section-3(k) of The Indian Patent Act,1970 says "*a mathematical or business method or a computer program per se or algorithms are not patentable*". As most of the Indian NPLs are based on mathematical methods, computer programs or algorithms and section-3(k) denies them to be patented, this may provide a reason to the remarkable difference between PLs and NPLs. It is also observed that some inventions are published and patented by the same inventor which reflects the fact that patenting has not prevented him/her from publishing the literature. Statuses of some of the applied patents in India are found

abandoned as well. This may be due to various hindrances such as funding, commercialization issues etc. The search analysis of other countries illustrate that China has become a global figure in the IP protection of FCS surmounting USA as well. Despite of all the discouraging statistics, a ray of hope lies in the form of non-patent literatures, which indicates the ardent interest of the Indian researchers in the specific field. Areas like control engineering, mechanical engineering and electrical engineering are more explored as the application fields of FOS and FCS by the Indian authors.



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### PATENT TROLLS: AN INDIAN PERSPECTIVE

Dr. Monica Raje<sup>\*</sup>

# ABSTRACT

India's patent policy focuses on balancing developmental concerns with the need for promoting innovations. The Patents Act, 1970 tries to strike a balance between the rights of the patent holder and his obligation to the government that grants him such rights. The basic philosophy of the Act, as laid down in Section 83, is that patents are secured to ensure their working in India on a commercial scale. Further, patents are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article. A Patent troll is fundamentally opposed to this basic object of patent law. Patent troll is a negative term used to describe an entity that enforces its patents against one or more alleged infringers in a manner that is considered unduly aggressive or opportunistic. Patent trolls usually have no intention to manufacture or market the patented invention and their sole purpose is to make some quick money through legal notices and patent infringement suits. This paper seeks to understand the concept of patent trolls, how patent trolls are a menace and impede the innovation environment in a country and also the mechanisms in place in the Indian framework that attempt to curb the problem of patent trolls.

<sup>\*</sup> Associate Professor, National Law Institute University, Bhopal. E-mail: <u>mraje02@gmail.com</u>. Mobile No: 7222900242.

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#### **INTRODUCTION** I.

Patent is an exclusive right granted by the government of a country for a specific duration to an invention. In India patents are governed by The Patents Act, 1970 (The Act). The Act defines the term patent<sup>709</sup> as:

"patent" means a patent for any invention granted under this Act;

The definition of a patent makes it clear that the subject matter of a patent is an invention. However, the term invention may be different from the perspective of a scientist and that of the law. In order to qualify for patent protection, the subject matter on which patent protection is being sought must meet the legal requisites of the term invention. The term invention<sup>710</sup> is defined in the Act as

invention" means a new product or process involving an inventive step and capable of industrial application

This definition of an invention identifies what is ordinarily referred to as the requirements of patentability. In order to be granted patent protection, the applicant must satisfy the patent office that the product or process on which protection is sought is new, involves an inventive step and is capable of industrial application. The terms 'new invention'<sup>711</sup>, 'inventive step'<sup>712</sup> and 'capable of industrial application'<sup>713</sup> have been defined under the Act

The main aim of the Patent Act has been identified by the Supreme Court in Bishwanath *Prasad Radhev Shvam v. Hindustan Metal Industries*<sup>714</sup> as under:

<sup>&</sup>lt;sup>709</sup> Section 2(1)(m).

<sup>&</sup>lt;sup>710</sup> Section 2(1)(j). <sup>711</sup> Section 2(1)(l).

<sup>&</sup>lt;sup>712</sup> Section 2(1)(ja).

<sup>&</sup>lt;sup>713</sup> Section2(1)(ac).

<sup>&</sup>lt;sup>714</sup> AIR 1982 SC 1444.

The main aim of Patent law is to promote scientific research, new technology and industrial progress. Providing exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new invention of commercial utility.

Once a patent is granted by the patent office nobody can make, use or sell the patented invention without seeking the permission of the patentee. The Act defines a patentee<sup>715</sup> as:

the person for the time being entered on the register as the grantee or proprietor of the patent

Such permission to make, use or sell the patented invention is granted by the patentee by way of licenses. The Patents Act, 1970 also casts an obligation on the patentee to commercialise his invention in the market by giving licences on terms and conditions which are reasonable.

However sometimes inventors misuse the exclusive right which has been granted to them. They seek to abuse their patent right by filing infringement suits against individuals/ companies who use products similar to their patented product. Such companies do not themselves manufacture or license their patented product but simply seek to make money by filing infringement suits. Such non-practising entities are referred to as patent trolls.

## II. <u>PATENT TROLLS</u>

The coining of the term patent trolls is generally attributed to Peter Detkin, former Assistant Counsel of Intel. He explained patent trolls as under:

companies that buy rather than create patents and then extract

<sup>&</sup>lt;sup>715</sup> Section 2(1)(m).

disproportionately high license fees by threatening expensive litigation in the alternative.<sup>716</sup>

Britannica Encyclopedia defines "Patent troll", also called non-practicing entity or nonproducing entity (NPE) as a "pejorative term for a company, found most often in the American information technology industry that uses a portfolio of patents not to produce products but solely to collect licensing fees or settlements on patent infringement from other companies"<sup>717</sup>

Most patent trolls do not use their patents, that is, they do not manufacture any goods or services based on the patents they own. Rather, they acquire patents solely to pressurise companies to pay licensing fees. The modus operandi of these patent trolls is to acquire patents with no intention of practicing the invention or developing their products and with the sole purpose of instituting lawsuits against infringers.<sup>718</sup>Despite the difficulty of defining exactly what a patent troll is, it appears clear from contemporary definitions that a patent troll is an entity that neither develops novel technologies nor uses technologies to provide goods or services to the market.<sup>719</sup>

As mentioned above, defining a patent troll is a very difficult task. Hence, identifying the activities of the troll would be a better approach. A troll does not:

1. Intend to actually practice a patent.

2. A patent troll does not produce anything of value but merely acquires patents with a view to obtain licensing revenue.

 <sup>&</sup>lt;sup>716</sup> Jennifer Gregory, The Troll Next Door, 6 J. Marshall Rev. Intell Prop.L.(2007).
<sup>717</sup> Eric Gregorson, Patent Trolls, ENCYCLOPEDIA BRITANNICA,

http://www.britannica.com/EBchecked/topic/1816645/patent-troll. Last visited on 02/02/21.

<sup>&</sup>lt;sup>718</sup> Prachi Agarwal, Patent Troll: The Brewing Storm of Patent Reforms in the United States of America, 15 J. Marshall Rev. Intell Prop. L. (2015).

<sup>&</sup>lt;sup>719</sup> Jason Rantanen, Slaying The Troll: Litigation As An Effective Strategy Against Patent Threats, 23 Santa Clara High Tech. L.J. (2006).

3. They do not make use or sell new products and technologies but solely aim to force third parties to purchase licenses.<sup>720</sup>

As litigation cost is very high in most jurisdictions, the trolls take advantage of this by threatening litigation. As the trolls threaten litigation, the alleged infringer, even if in a position to defend himself, may prefer to settle the matter out of court in order to avoid the time and cost involved in a lengthy litigation. Generally, the license fee demanded by the troll is lesser than the cost and effort that would be involved in the litigation and the alleged infringer gives in to the demands of the troll. This vicious cycle continues as the patent troll can use this money to buy more patents and in the name of infringement target more companies.721

#### III. PATENT TROLLS IN INDIA

The Patents Act, 1970 does not specifically prohibit patent trolls however it is possible to largely curb this problem due to several provisions of the Act. The following provisions of the Act may be said to constitute a hindrance in the functioning of patent trolls in India.

#### 1. Post grant opposition:

The Patents Act, 1970 provides for post grant opposition which acts as a hindrance to patent trolls. According to Section 25(2) of the Patents Act, any person interested can file a postgrant opposition within 12 months of the date of publication of the grant of a patent on any of the grounds specified therein, by giving a notice of opposition to the Controller. After receipt of the notice, the Controller informs the patentee of the opposition and forms an opposition

<sup>&</sup>lt;sup>720</sup> Rajkumar V., The Effect of Patent Trolls on Innovations: A Multi – Jurisdictional Analysis, 1 Indian Journal of Intellectual Property Law (2008). <sup>721</sup> Id

board to examine the opposition and give the Controller its recommendation. This provision ensures that even after the patent is granted it can still be challenged on the grounds mentioned in section 25(2) of the Act.

#### 2. Compulsory License

The Patents Act, 1970 includes provisions on compulsory licence<sup>722</sup>. The essence of the provision is that the law casts an obligation on the patentee to work his invention to the fullest scale that is reasonably possible without undue delay. If the patentee fails to make his invention available to the public, by manufacturing the invention himself or by giving licenses it may result in the grant of a compulsory license. In India a patentee has a period of three years from the date of grant of patent to work his invention after which any person interested may apply to the Controller for grant of a compulsory license. In this context, it is to be noted that section 83 of the Act deals with general principles applicable to working of patented inventions. Clause (a) reads as under:

(a) 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 practicable without undue delay;

(b) that they are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article

Further the Controller also has the power under Section 146, to give a written notice to the patentee or a licensee requiring them to furnish to the Controller necessary information regarding the extent to which the patented invention has been commercially worked in India. Once such notice is received by the patentee or his licensee they are required to provide

<sup>&</sup>lt;sup>722</sup> Section 84.

details regarding working of the patented invention within the prescribed time period.

Thus, the mechanism of compulsory license along with the requirement of working of patent curbs trolls who fail to work their patents.

### 3. Patent Validity

In Bishwanath Prasad Radhey Shyam vs Hindustan Metal Industries<sup>723</sup>, the Supreme Court observed as under:

it is noteworthy that the grant and sealing of the patent, or the decision rendered by the Controller in the case of opposition, does not guarantee the validity of the patent, which can be challenged before the High Court on various grounds in revocation or infringement proceedings.

The Patent Act, 1970 under section 13(4) now expressly provides that the validity of a patent is not guaranteed by the grant of a patent.

Section 13(4) reads:

The examination and investigations required under section 12 and this section shall not be deemed in any way to warrant the validity of any patent, and no liability shall be incurred by the Central Government or any officer thereof by reason of or in connection with any such examination or investigation or any report or other proceedings consequent thereon.

As there is no presumption as to the validity of a patent the burden of proving the validity in a patent infringement suit vests on the patentee. This is likely to discourage trolls from instituting infringement action against alleged infringers.

<sup>&</sup>lt;sup>723</sup> See *supra* 10.

### 4. Intellectual Property Appellate Board

The availability of specialised Boards like the Intellectual Property Appellate Board (IPAB), ensures the speedy disposal of intellectual property disputes also reducing the cost of litigation. This allows smaller companies targeted by patent trolls to defend themselves without having to worry about the high cost of litigation.

# IV. <u>CASE LAW</u>

In two recent judgements, the Intellectual Property Appellate Board (IPAB) revoked three patents, one belonging to Ram Kumar in the case of *Spice and Samsung v Somasundar Ramkumar*<sup>724</sup> and two belonging to Bharat Bhogilal Patel in the case of *M/s Aditi Manufacturing Co. Vs. M/s Bharat Bhogilal Patel*.<sup>725</sup> Both patentees can be regarded as classic patent trolls, not only in the sense of non-practicing entities but in the context of patentees who seek to exploit the weaknesses in the legal system to enforce equally weak patents.<sup>726</sup> In both the cases the patentees did not file any civil suits for patent infringement. Instead both patentees had filed complaints with Customs Commissioners at various ports of entry requesting the Customs Department to seize 'import consignments' on the grounds that the said consignments were infringing their patents.

# Spice Mobile Ltd. v. Somasundar Ramkumar<sup>727</sup>

A patent No. 214388 had been granted to the respondent in the year 2008. The patent relates to mobile phones with a plurality of SIM cards allocated to different communication networks.

<sup>&</sup>lt;sup>724</sup> ORA/ 17 of 2009/PT/CH/ & ORA/31 of 2009/PT/CH.

<sup>&</sup>lt;sup>725</sup> M.P. Nos. 41 & 42 0f 2012 in TRA/05 of 2008/PT/MUM & TRA/06 of 2008/PT/MUM.

<sup>&</sup>lt;sup>726</sup> See *supra* 12.

<sup>&</sup>lt;sup>727</sup> See *supra* 16.

In the present case before the IPAB Spice Mobiles Ltd. and Samsung India seek revocation of the patent granted to the respondent under section 64(1) of the Patents Act, 1970 on the following grounds:

1. **Claim Amendment During Prosecution:** - The first ground on which revocation was sought before the IPAB by the applicant was the several amendments to the patent specification during the prosecution of the patent application. It was argued by the counsel for the first applicant that the respondent No.1 has amended the patent application in such a way that the basic nature of the invention as originally filed and granted has been completely altered from a Dual SIM card phone to a phone capable of simultaneous communication.

It was argued by the applicants that the law relating to amendments does not permit widening/broadening of the disclosure/claims. In the present case the scope of protection as well as disclosure in the patent specification have been altered by the incorporation of entirely new features which were not disclosed or claimed in the original patent specification. The applicants argued that this is contrary to sections 57 & 59 of the Patents Act, 1970. The extensive amendments during the prosecution resulted in the number of claims increasing from the initial 4 to 20 at the time of grant. As a result, it was argued before the IPAB that the amendments were secured through fraud and also that the amendments were invalid since they were much broader than the original claims as filed by the respondent.<sup>728</sup>

The IPAB in setting aside the amendments to the respondent's patent made the following observation:

We are convinced that the amendments carried out during the prosecution of the application in the specification, drawings and claims extend the scope of the disclosed

<sup>&</sup>lt;sup>728</sup> See *supra* 12

matter and the claims, which is particularly prohibited by section 59. The applicants therefore succeeded in proving that new matter has been added by Respondent No. 1 during prosecution of the application which was allowed by Respondent 2. The Respondent 2 ought to have sought an explanation from Respondent 1. Respondent 2 ought to have applied his discretion more cautiously and judiciously under section 57 especially when there are large scale amendments as in the present case. Therefore, we are constrained to set aside the amendments allowed during prosecution of the application.<sup>729</sup>

ii. Lack of novelty. The applicants also challenged the grant of patent to the respondent on the grounds of lack of novelty, that is to say the invention was anticipated by prior art. The applicants provided the IPAB with a list of prior art references which anticipated the respondents' invention. The IPAB held in favour of the applicants and held that respondents' invention was anticipated by prior art.

iii. Lack of inventive step: The third ground on which respondents' invention was challenged was that the invention lacks an inventive step. The validity of a patent can be challenged on the ground of inventive step, as defined in section 2(1)(ja) of the Patents Act, 1970, if the claimed invention does not involve technical advance as compared to the existing knowledge or is obvious to a person ordinarily skilled in the art. The applicants were able to establish through various prior art references that the obviousness in the respondent's patent.

On the basis of the above-mentioned grounds the patent granted to the respondent was revoked by the IPAB.

<sup>&</sup>lt;sup>729</sup> See *supra* 16.

# Aditi Manufacturing Co. v. Bharat Bhogilal Patel<sup>730</sup>

The respondent held two patents, Patent No.189027 granted for a process of manufacturing engraved design articles on metals or non-metals and Patent No. 188787 granted for an improved laser marking and engraving machine. The applicant sought to revoke the patent on the ground that inventions related to laser technology and engraving machines are not novel and it was already a part of the prior art. The invention also lacks an inventive step as per the requirement of Section 2(1) (ja). The applicant provided the IPAB with extensive evidence to establish prior art. Some of this prior art included US patents, Japanese patents, trade magazines, expert witnesses' affidavits of one professor & one engineer and bills and invoices to show how similar inventions were being transacted in the Indian marketplace even prior to the patent applications filed by the patentee.<sup>731</sup>

The IPAB held as follows:

In the present case, prior arts have the features of the invention and there is nothing new in the features that have been claimed as new. The three experts have testified to this. We have evidence before us that the very same machine has been purchased by others prior to the date of invention."

On the basis of the above the IPAB revoked the patent granted to the respondent.

# V. <u>CONCLUSION</u>

One of the objects of the patent law is to strike a balance between the rights of the patent holder and his obligation to the society that grants him such rights. The basic philosophy of the Act, as laid down in Section 83, is that patents are securing their working in India on a

<sup>&</sup>lt;sup>730</sup> See *supra* 14.

<sup>&</sup>lt;sup>731</sup> Id.

commercial scale. And, those patents are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article. A Patent troll is fundamentally opposed to this basic object of patent law. Patent trolls discourage innovators, who despite being visionaries are unable to commercialise their technology and contribute towards the welfare of the society due to the threat of litigation created by the trolls. However, provisions such as working of patents, compulsory license, post grant opposition and establishment of a specialised body like the IPAB to handle intellectual property disputes to a large extent have tackled the menace of patent trolls.