



INTELLECTUAL PROPERTY AND TECHNOLOGY LAW UPDATES

S&A IP-Tech

FEBRUARY 2018

CONTENTS	PAGE NO.
ANALYSIS OF LAW ON FUNCTIONAL DESIGNS	3-6
HOMONYMOUS GEOGRAPHICAL INDICATIONS IN INDIA	7-10
DESIGN INFRINGEMENT ACTION & PASSING OFF: DECONSTRUCTING THE OVERLAP	11-15
CURIOUS CASE OF WORKING STATEMENT	16-19
TREND OF IP IN INDIA AND INTRODUCTION OF INDIAN PATENT OFFICE AS AN INTERNATIONAL SEARCHING AUTHORITY	20-21

ANALYSIS OF LAW ON FUNCTIONAL DESIGNS

By Suchi Rai and Meghana¹

IP laws are not wary of overlapping in their forms and the same has been observed and discussed since their inception. Consequentially, no fine line can be drawn between various facets of Intellectual Properties accruing to striking similarity in their inherent nature and the aspects they deal with. The overlap between industrial designs and the patentable nature of functionality of those designs has been a conundrum that has been an area of dispute in various jurisdictions.

In the case of *Cow and Coy v Cannon Rubber Manufacturers*² from England, the dysfunctionality of functional Designs has been discussed to some extent, wherein the fact that a particular design could not be judged solely by viewing and the suit for design

infringement would not hold good because the design was functionally inspired and that the design includes a method of construction. It was however denied saying:

It is to be noted that the statutory objection does not extend to a method or principle of construction whereby the design is applied to an article. It is only in cases where the design can fairly be treated as itself covering such a method or principle that the objection is applicable. This can be tested by posing the question whether a method or principle of construction is possible of performance only by applying the registered design, or one not materially differing from it, to an article.

Another noteworthy aspect, though not closely related to this discussion that was discussed was the difference between the terms shape and configuration. It was held that:

¹ Legal Intern, LAW CENTRE-1, FACULTY OF LAW, DU

² 1959) RPC 240

...But all that synonymity implies in that connection is the adoption of a definition for shape which will include configuration or for a definition of configuration which will include shape. None of the learned Judges who made the observations which Luxmoore, J summarized could have meant as the Defendants here submit that the word "configuration" could be wholly disregarded and a definition of shape adopted which restricted its meaning to outline alone. Nor could they have intended to exclude from the monopoly conferred by registration of a design which indicated a shape given to a part or secured by an association of parts of a feature presented by one or more parts having a contoured surface or surfaces.

Even though, the above mentioned case set a precedent in terms of approaching functional designs, the interpretation of

Design Law in the UK and India has not attained much clarity with respect to exclusion of functional designs as even the law does not draw a fine line in this respect. The definition of “designs” in Section 2(d) of the Designs Act, 2000 requires the “design” to be judged solely by the eye but specifically excludes “any mode or principle of construction or anything which is in substance a mere mechanical device”. Courts in UK that follow the EU directives on Design, have at times rejected the multiplicity of forms theory and banked upon “no aesthetic consideration theory” which rests upon the idea that the author had in mind and whether or not it was solely judged by functionality, thereby meaning whether the author had other aspects of design in mind even if that design embodies function that may not be achieved by means of any other form. Different member countries of the EU interpret the law in different manners. The most recent case law PepsiCo, Inc. v Grupo Promer Mon Graphic SA³, however tried to resolve this conundrum in a close

³ C-281/10 P

to successful manner acknowledging that, “...in so far as similarities between the designs at issue relate to common features, those similarities have only minor importance in the overall impression produced by those designs on the informed user. In addition, the more the designer’s freedom in developing the contested design is restricted, the more likely it is that minor differences between the designs at issue will be sufficient to produce a different overall impression on the informed user”; thereby, accruing reasonable credit to an informed user/customer and denying the multiplicity of forms approach, in case two designs form a similar impression on an informed user.

In India, in the case of Carlsberg v Som Distilleries ⁴ the anomaly was approached in the following words:

“Normally, designs which are purely functional cannot be protected or form the basis for an action for infringement. A functional shape and

configuration, which is dictated solely by the functionality, is not registrable under the Design Act as a design. The learned Judge referred to the observation of Lord Reid, J. in Amp. Inc. vs. Utilux Pty. Ltd. 1972 RPC 103 wherein the learned Lord observed, “.....and the words ‘judged solely by the eye’ must be intended to exclude cases where a customer might choose an article of that shape not because he thought that the shape made it more useful to him”.

In yet another judgment in Whirlpool of India v Videocon Industries, ⁵ it was addressed saying:

“For a defense of functionality to succeed, it is not enough to say that the form has some relevance to the function. If a particular function can be achieved through a number of different forms, then a

⁴ 2017 SCC OnLine Del 8125

⁵ 2014 (60) PTC 155 (Bom).

defense of functionality must fail. For the defense of functionality to succeed, it is essential for the Defendant to establish that the design applied for is the only mode/option which was possible considering the functional requirements of the products.”

In India, the terms used in Section 2(d) are mode or principal of construction or mere mechanical device. Functionality is not, per se ,excluded for registration; however, the terms when deconstructed as has been done in various case laws, are interpreted to exclude functional designs. However, it sometimes depends on the facts and circumstances in question and multiplicity of forms approach is applied, as was applied in the Whirlpool case. It can be deciphered that in India, both the approaches are followed since our judgments are highly inspired by the conditions specific to each particular case.

HOMONYMOUS GEOGRAPHICAL INDICATIONS IN INDIA

By Shrabani Rout

INTRODUCTION

The term homonym is defined in Merriam Webster's Collegiate Dictionary (tenth edition) as "one of two or more words spelled and pronounced alike but different in meaning." This definition describes accurately the problems created by the use of homonymous geographical indications, namely two or more identical geographical indications used to designate the geographical origin of products stemming from different countries.

Homonymous geographical indications are those indications that sound, spell or read alike. They are those geographical indications that are spelled and pronounced alike but which are different in meaning and which are used to designate the geographical origin of products stemming from different

countries. The most frequent cases of homonymous geographical indications concern the names of regions which are located in different countries.

The problem or conflict generally arises when homonymous geographical indications are sold in the same market and is accentuated when such the geographical indications are for similar or identical products. Honest use of such geographical indications should be possible, because the indications designate the true geographical origin of the products for which they are indicated.

In principle, these indications should coexist, but such coexistence may be subject to certain conditions. For example, it may be required that they be used together only with additional information regarding the origin of the product in order to prevent consumers from being misled. A GI may be refused protection if, due to the existence of another homonymous indication, its use would be considered potentially

misleading to consumers with regard to the product's true origin.

LEGAL SCENARIO UNDER THE TRIPS AGREEMENT

Article 23 of the TRIPS Agreement requires Members to make available additional protection, when compared to Article 22, for geographical indications for wines and spirits. The main difference between these two levels of protection is that, under Article 23, an interested party must have the legal means to prevent the use of a geographical indication for a wine which does not come from the geographical area indicated irrespective of whether or not such use misleads the public or constitutes unfair competition. The same goes for spirits. Thus, Article 23 is often referred to as an "absolute" form of protection since no such tests have to be satisfied in order to exercise it.

Article 23.3 of the TRIPS Agreement sets out a specific rule for homonymous

geographical indications for wines by establishing that:

"In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22. Each Member shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled."

Indeed, Article 23.3 of the TRIPS Agreement specifically covers the cases of homonymous geographical indications for wines, whose use does not falsely represent to the public that the goods originate in another territory as provided in Article 22.4 of the TRIPS Agreement. In such cases, both indications must be protected and concerned WTO Members must determine the conditions necessary to differentiate homonymous indications for wines. In doing so, they must ensure that consumers are not misled and that

the producers concerned are treated equitably.

The practical effect of this provision is that it prompts WTO Members to keep their markets open in cases of homonymous geographical indications and mandates that adequate solutions are found for the coexistence of products bearing such homonymous geographical indications.

Yet, this trade fostering solution is currently limited to wines, where it is clear that the same solution could benefit other products including spirits and certainly to all other products benefiting from geographical indication protection.

LEGAL SCENARIO IN INDIA

The GI Act, which came into force, along with the GI Rules, with effect from September 15, 2003, has been instrumental in the extension of GI status to many goods so far.

In India, there are two conditions that should be taken into consideration before according protection to homonymous geographical indications. The authority

granting such protection to one geographical indication as against the other, where both of them are called as homonymous geographical indications as regard to each other, should grant protection only when it is satisfied of the following conditions:

1) The probability of being practically able to differentiate between the products with respect to such geographical indications in terms of the nature, quality, appearance, utility and overall look and feel of the product so that every possibility of consumer confusion is avoided.

2) Where such authority can ensure equitable treatment to producers/manufacturers of the two concerned products and protect the rights of such producers and manufacturers in the same manner through existing protection mechanism.⁶

CONCLUSION

Conflicts regarding homonymous geographical indications typically arise

⁶http://commerce.nic.in/trade/international_trade_papers_nextDetail.asp?id=131

where products on which homonymous geographical indications are used, are sold in the same market. The problem is accentuated where the homonymous geographical indications in question are used on identical products. The geographical indications designate the true geographical origin of the products on which they are used. However, concurrent use of homonymous geographical indications in the same territory may be problematic where the products on which a geographical indication is used have specific qualities and characteristics which are absent from the products on which the homonym of that geographical indication is used. In this case, the use of the homonymous geographical indication would be misleading, since expectations concerning the quality of the products on which the homonymous geographical indication is used are not met.

Therefore certain measures must be taken to ensure that homonymous geographical indications can co-exist harmoniously.

DESIGN INFRINGEMENT ACTION & PASSING OFF: DECONSTRUCTING THE OVERLAP

By: Suchi Rai and Meghana⁷

The genesis of Intellectual Property Rights can be said to lie in the Eighth commandment: “Thou shalt not steal”. In *Walter v Lane*⁸, Lord Halsbury began with saying, “I should very much regret it if I were compelled to come to a conclusion that the state of the law permitted one man to make a profit and to appropriate to himself what has been produced by the labour, skill and capital of another.... It will be observed that it is product of the labour, skill and capital of one which must not be appropriated by another, not the elements, the raw material, if one may use the expression, upon which the labour and skill and capital of the first have been expended.”

The arena of IPR has seen a continuous development since its inception, with well outlined demarcations. But are these demarcations absolute? The answer is no, as considerable overlap can be witnessed in these otherwise differentiated forms of property rights.

One of the most discussed intersections has been between design infringement action and passing off; and aptness of their maintainability with respect to a registered design that is now acting as a trademark by virtue of use and reputation, in one single suit. There have been attempts to resolve these issues but the results have been not so clear, and the issues continue to be worked upon and revisited with developments in judicial landscape. Such developments have been witnessed even in India over a plethora of case laws.

To begin with, let’s consider the relevant provisions pertaining to the aforementioned actions. According to Section 2(zb) of the Trade Marks Act, ‘trade mark’ means a mark capable of

⁷ Legal Intern, LAW CENTRE-1, FACULTY OF LAW, DU
⁸ [1900] AC 539

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.

Section 2(d) of the Designs Act 2000, contemplates the definition of design. 'Design' means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of Section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or

any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957).

Both the definitions of 'Designs' and 'Trademarks' are inclusive of shapes of goods. However, the definition of designs is categorically exclusive of Trademarks. Now what happens when a registered design starts acting as a trademark, by virtue of use, reputation and goodwill?

One of the older judgments where the maintainability of both design infringement and passing off in the same suit, was the Micolube case⁹ wherein the design of mirror frames of two rival companies was in question. The question of maintainability of remedies of passing off and design infringement comprised one of the issues and it was answered in the following manner:

In our view, since the cause of action for bringing the two suits is different, separate suits would have to be filed; though if filed at the same time or in close proximity

⁹ M/S. Micolube India Ltd. vs Maggon Auto Centre & Anr.

they may be tried together as there may be some aspects which may be common.

The underlying principle would thus be that a plaintiff should exhaust all reliefs in respect of a cause of action except where leave of court is obtained and not that different causes be combined in one suit even if they arise from the same transaction.

The policy of law is to prevent multiplicity of suits and to protect a person from being vexed twice qua the same cause. Therefore, if the causes of action are different, then they cannot be combined in one suit.

...Thus, the cause of action in the infringement suit under the Designs Act could be different from that which is obtained in a passing off action. The fundamental edifice of a suit for infringement under the Designs Act would be the claim of monopoly based on its

registration, which is premised on uniqueness, newness and originality of the design. Whereas, the action for passing off is founded on the use of the mark in the trade for sale of goods and/or for offering service; the generation of reputation and goodwill as a consequences of the same; the association of the mark to the goods sold or services offered by the plaintiff and the misrepresentation sought to be created by the defendant by use of the plaintiff's mark or a mark which is deceptively similar, so as to portray that the goods sold or the services offered by him originate or have their source in the plaintiff. It is trite to say that different causes of action cannot be combined in one suit.

However, this stance was not complied with in the later judgments and was revisited in the case of *Cello v*

Modware¹⁰ wherein the design of two bottles was in question and both the design infringement and passing off actions were maintained simultaneously in the same suit. The relevant ratio of the case was:

The tests for the reliefs in infringement and passing off often overlap. Similarity, in the two Products, is undoubtedly common ground. If one should find, therefore, that Modware's product is confusingly and deceptively similar to that of Cello's registered design, ordinarily an injunction on the cause of action in infringement should follow. The defenses are few and well-known. These would include saying that the design is known to the prior art; there is prior publication or, perhaps, that the plaintiff's only claim, correctly read, is neither of novelty nor originality but of merely cobbling together several pre-existing known designs, or mosaicing. The passing off alleged is not only of

the bottle itself but also of the packaging.

Herein, the three fundamental issues that underline in cases of passing off i.e. - reputation and goodwill, misrepresentation and damage, was delved upon while acknowledging that “passing off is an action of deceit”.

The remedy of passing off, being a common law remedy was dealt with under separate considerations in the same suit. The infringement of the design of the bottle was sought to be remedied under provisions of the Designs Act 2000, while the considerations with respect to the action of passing off was misrepresentation, reputation and goodwill of the brand in question.

In another major development in the case of Carlsberg v Som Distilleries¹¹, on the issue of composite suits justifying same suits for infringement and passing off, it was held that:

¹⁰ SUIT(L)NO.48 OF 2017

¹¹ I.A. No.10972/2015 in C.S. (OS) No.1485/2015

The Micolube court appears to have missed Order II Rule 3 of the Code of Civil Procedure (CPC) which clearly allows for combining different causes of action. It states in pertinent part:

“3. Joinder of causes of action- (1) Save as otherwise provided, a plaintiff may unite in the same suit several causes of action against the same defendant, or the same defendants jointly; and any plaintiffs having causes of action in which they are jointly interested against the same defendant or the same defendants jointly may unite such causes of action in the same suit.”

product, once it has been used overtime and attained reputation and goodwill in the market by virtue of that design.

With these pronouncements, it is abundantly clear that passing off and design infringement constitutes two separate reliefs and may be tagged together for consideration in the same suit. However, it is well-settled and undisputed that a design can only be treated as a trademark and be representative of source of origin of a

CURIOUS CASE OF WORKING STATEMENT

By Monika Shailesh

Historically, the Indian patent system is known to follow a balanced approach between protecting and fostering innovation and simultaneously ensuring that the innovation is used foremost for the betterment of the community. Policy framework for IPR in India mandates a very clear requirement of not just granting “monopoly” to an individual or group by granting patent, but to ensure that any invention recognized by the system must be commercially utilized to the fullest and must be available to the end-users as required. The Patent Act mentions that, *“the protection and enforcement of patent right contributes to, technological innovation, the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and*

economic welfare and to a balance of rights and obligation”.¹²

To ensure that the basic underlying principle is followed, section 146 of the Patent Act makes it mandatory for all the patent holders to submit commercial performance of the patent, by furnishing statements known as working statements. In case the patent has been worked in India, the patentee is required to provide the quantity and value of the product so produced in India. In case the same is imported, then the patentee is required to furnish the country wise details.

The section 146 of the Patent act has one key concern with the patent holders and that is the subject of confidentiality. Most of the patent holders believe that the information that is mandated to be furnished in Form 27 is very sensitive in nature since quantum and value of the product is required to be announced. Patent holders have also raised concerns

¹² Section 83 in The Patents Act, 1970

that such information can be used to the disadvantage of the patent holder because as per section 146 “*Controller may publish the information received by him under sub-section (1) or sub-section (2) in such manner as may be prescribed*”. Due to the above apprehension of misuse of information furnished to the patent office, patent holders tend to provide as little information as they can. Recently a Writ Petition was filed by Prof. (Dr.) Shamnad Basheer who has alleged non-compliance with the provisions of the Patents Act, 1970 on the part the Controller General of Patents. The petition demanded that the authorities to be directed to enforce the statutory obligations as prescribed by the act. He also requested Delhi High Court to form a committee to review the current format of Form 27 and suggest if further changes are necessary to enforce statutory obligations. During a recent hearing on the subject matter, it was pointed out that there are severe lapses in the filing of Form 27 by various patentees. Filings through Form 27 are

meant to indicate his extent to which patentees have, or have not, worked the patent for the public benefit. It was alleged that even those who had filed such documents had submitted only flimsy information.

The Annual Report published by the Office of the Controller General of Patents indicates that out of 43920 patents issued in 2012-13, only 27946 have provided patent working statement via Form 27. It was also pointed out that out of 43920 only 6201 patents have actually been worked by the patentees. Information received via RTI revealed that no action as per section 122 of the Patent Act, has been taken or even initiated for this non-compliance by patentees. Additionally, Mr. Basheer also pointed out several instances of such lapses. He submitted that NATCO Pharma, which was granted a compulsory license over an important anti-cancer drug, did not disclose as to how it was operating the license. This is despite the fact that the Act requires such reporting on working of patents even from licensees. In fact, the compulsory

licensing order had mandated that NATCO submit all information pertaining to quarterly sales. Ericsson had also, in one of its forms, refused to disclose licensing details citing “confidentiality” or trade secrecy. No action has, however, been taken on such violations of the provisions.

On Wednesday January 17, 2018, IN THE HIGH COURT OF DELHI court by large agreed with the contentions put forward. The Bench comprising Acting Chief Justice Gita Mittal and Justice C. Hari Shankar then observed, *“It is pointed out that so far as the grant of patents are concerned, information in regard thereto is available on the website of the Patents Office. All that the patentees submitting Form-27 are required to submit is the details of the licenses and sublicenses. This information certainly cannot be termed “confidential” and therefore, the Patents Office has to treat such suppression as failure to comply with the requirements of Section 146 of the Patents Act, 1970 and to take action against the patentees*

who do not furnish the required information.” Court also directed authorities to review Form 27 and suggest if further changes are required to make Form 27 amenable to the patentees to comply with the requirements as laid down by section 146 of the Patent Act.

Ericsson elevated some concerns on the court order dated January 2018. The court stated that “the details of licensees, licenses and sub-licenses” are not confidential and are necessary to be submitted by the patentees while submitting Form 27. Ericsson argued that it may not always be possible for the patentee to disclose all the terms and condition of the license. Court took the argument.

The court said as we quote.

“It is, therefore, made clear that the reference in para 13 of the order dated 10th January, 2018 to “details of licensees, licenses and sub-licensees” is only the specification with regard to number, date and particulars of the licensees and sub-licensees. In case, any

party has reservation of any kind in furnishing details, it would have to disclose the reasons for such reservation and the patent office would be required to take a view in the matter so far as its satisfaction regarding compliance with the requirements of Section 146 is concerned.”

The Verdict of Delhi High court is in our opinion very balanced and critical. The Respected Court on one hand had taken Care of Public interest by making clear that a Patentee Could not under the Guise of Confidentiality, refuse to disclose the very existence Factum of Licenses and the Name of Licensee. However on the other side court has also provided provisions for safeguarding critical business information by stating that in case any party has reservation of any kind in furnishing details, It would have to disclose the reason for such reservation and the patent office would be required to take a view in the matter so far as its satisfaction regarding compliance with the requirements of section 146 is concerned.

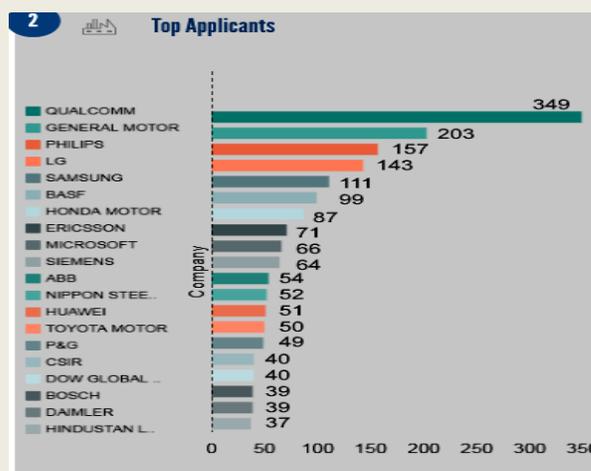
TREND OF IP IN INDIA AND INTRODUCTION OF INDIAN PATENT OFFICE AS AN INTERNATIONAL SEARCHING AUTHORITY

By Aayush Sharma

The IP transactions in India are at its peak. Numerous worldwide patent filings are recorded in the past 2017 year. From pharma giants to the largest automobile companies, information technology to the electronic companies, all have established IP portfolio worldwide. From the recent survey it can be seen that the foreign companies have huge footprint in the Indian IP landscape. The top applicants for patents filings in India are QUALCOMM, General motors, Phillips, LG, Samsung etc. With an increase demand in research and development globally, the foreign companies turned themselves towards need of IP protection. This trend of IP protection is not only adopted by the foreign companies but many Indian Startup and Technology Incubators have sown interest in Patent protection. Patent filings by the Indian applicants in every year are growing with a rate of about 11.6%, where as foreign applicant filing growing at a rate of about 31.7% since 2016.

The patent filed by the Indian firms lag behind substantially as compared to foreign counterparts. We believe that the trend in patent filing by the Indian companies is not a good signal to advance our Indian economy, however with over a span of time ratio of Indian filing will compete with the foreign filings. In India, Council of Scientific and Industrial Research has topped the list of holders of Indian patents.

This infographic gives you a snapshot of key applicants¹³



The statistical data published by WIPO disclose that the number of patent applications filed in India has witnessed a steady growth and has plateaued in the recent past. Pharmaceutical patents are ranked second with respect to the volume of applications but are still a fraction of pharmaceutical patents filed worldwide. A study of the patenting trends is important to evaluate the current process in the Industry. In terms of pharmaceuticals, it is important as the industry is focused on manufacturing life-saving drugs which are often patent protected, providing the innovator an opportunity to commercially exploit their research products without any competitor product during the lifetime of the patent. The Indian companies though, are leaders in the generic drug industry, wherein they enter the market after the life time of a patent, but it still provides them an opportunity to exploit the market by adding certain unique features to the drug product and exercise monopoly over that particular feature. An economical process for making a new drug formulation, change in dosage regimen and new form of drug delivery are all examples of

¹³ <https://patseer.com/2017/06/india-filing-trends-2016-2017/>

patents that bestows commercial advantage to a patent holder ever after the expiry of the innovator patent.

Indian Patent Office act as International Searching Authority (ISA)

When an international patent application is made through Patent Cooperation Treaty (PCT), International searches are carried out by an International Searching Authority or International Preliminary Examination Authority as the case may be, by either a National Office or an intergovernmental organization designated by the PCT for this purpose. The search includes establishing of documentary search reports on prior arts with respect to inventions which are the subject of applications and other related functions. The International Searching Authority makes a list of prior art documents which they consider destroys the patentability of the invention claimed in the PCT International application. At present, there are 22 International Searching Authorities designated by the PCT which carries out searches for PCT International application. An agreement between the Indian Patent Office and the International Bureau of the World Intellectual Property Organization in relation to functioning of the Indian Patent Office as an International Searching Authority and an International Preliminary Examination Authority came into force on October 15, 2013. Therefore, the Indian Patent Office acts as a receiving office of PCT International applications.

Indian Patent Office growing fast as an International Searching Authority

In 2017, Indian Patent Office has occupied a place in the top 10 International Searching Authorities among the 22 International

Searching Authorities in terms of receiving request for International searches for PCT International applications. In a short period of four years the Indian Patent Office as an International Searching Authority has received 3150 request for International searches and it has examined 2904 out of them. These requests have been from all over the world and not only Indian applicants as it is not mandatory for Indian applicants to select Indian Patent Office as their Searching Authority. This is a great achievement by the Indian Patent Office in a very short period of time.