



SINGH &
ASSOCIATES

FOUNDER MANOJ K SINGH
ADVOCATES & SOLICITORS

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Exemplary Damages Awarded for Trademark Infringement and Counterfeiting

By-Kartikeya Prasad

On April 15, 2019, the Bombay HC imposed unprecedented costs of Rs. 5 Crores in its order in *Nippon Steel & Sumitomo Metal Corporation vs. Kishor D Jain & Anr.* (Notice of Motion (L) No 810 of 2019 in COMIP (L) No 383 of 2019), a suit pertaining to sale of spurious carbon seamless pipes.

Facts

Nippon Steel filed a suit against ... (pls fill) after they received a complaint from a Saudi Arabia based trading company named YANBU Steel Company about the quality of some Carbon Seamless Pipes which were to be used for laying pipes in oil plants. YANBU informed the plaintiff company that it purchased the said carbon pipes from defendants Kishor Jain and Jeetendra Burad, believing the same to have been manufactured by Nippon. Upon inquiries, Nippon learnt that the said pipes had been supplied to YANBU by the defendants who falsely represented the fact that Nippon had manufactured them. It was later discovered that the pipes were manufactured by a third-party manufacturer. The defendants had duped YANBU by affixing the Nippon Steel's trademarks on the pipes and providing forged certificates bearing Nippon Steel's trademarks/logos to the company.

Case Background

Through an ex-parte order dated March 26, 2019, the Bombay High Court had restrained the defendants from infringing the registered trade-marks 'Nippon Steel' and its variants owned by the plaintiff. The Court had also appointed a Court Receiver to seize the impugned goods (carbon seamless pipes) and make copies of the electronic records of the defendants. Thereafter, the Court Receiver seized various pipes, inspection certificates and had taken a mirror copy of the entire electronic records of the defendants' computers/servers which were found at the defendants' premises. Later, during the next hearing on April 9 the defendant no. 2, Jeetendra Burad admitted that the pipes were being purchased at a local market in Navi Mumbai and affixed with the plaintiff's registered trademarks. The defendants also accepted that they were fabricating inspection certificates.

The plaintiff submitted that although the defendants had admitted to fabricating the certificates, it is highly probable that they were not acting alone and the fabrication of certificates and falsification and false application of trademarks was part of an organized operation. It was further submitted that the pipes in question were specialised seamless pipes and are used in the oil industry and can have disastrous consequences if the same are spurious and do not meet the required standards of safety.

Decision

Justice J.S. Kathawalla began his order with Mahatma Gandhi's famous quote "*There is a sufficiency in the world for man's needs but not for man's greed*". He made important observations regarding the

necessity of excellent quality pipes in such mission critical and sensitive areas. He stated that if pipes are not meeting the requisite quality and standards, there is a high possibility of them being the cause of accidents and disasters. The court noted that there was a need to send out a serious message and to deter such blatant and dangerous copying of such critical products by other unscrupulous entities. The court decided to take an unprecedented step and imposed a cost of Rs. 5 Crores on the defendant, which is to be paid to the Tata Memorial Hospital, Mumbai.

Author's views

This is the first time that the Bombay High Court has imposed such high costs in a trademark infringement suit. This should come as a sigh of relief to the brand owners who spend heavily in first creating a product and then in popularizing it under a new and novel brand. This decision serves as deterrence to future counterfeiters/defendants and breaks the traditional cost-benefit analysis wherein the infringing party has always relied on the fact that the only fallout of losing an infringement suit is to stop using the infringing mark, combined with miniscule penalty.

Proof of Right

By- Mohit Kohli

What is Proof of Right?

Given a conjoint reading of Section 6 and Section 7(2) of the Patent Act, 1970 along with Rule 10 of the Patent Rules, 2003, it is imperative to submit a 'Proof of Right' when an application for a patent is made by virtue of an assignment of the right to apply. According to these provisions, if the applicant has obtained the rights of invention from the "true and first inventors", a proof of right is required to be submitted to the Indian Patent Office along with the application, or within six months (as prescribed by rule 10). This rule also provides that in the case of an application under the national phase of PCT, the six months shall be counted from the actual date on which the entry was made in India.

Relevant Documents - The documents that are needed for the proof of right are prescribed in column 12 of Form 1 (for patent applications) under the second schedule to the rules. Sub-part (i) of column 12 under the heading "Declarations" provides that if the applicant is an assignee, the inventor(s) may sign a declaration provided under that part, or may upload and

send, by post or e-mail, a deed of assignment to the patent office. The documents prescribed for proof of right under Indian patent laws are:

- A declaration in Form 1 signed by the inventor(s); or
- A deed of assignment signed by the inventors in favor of the applicant or an authenticated copy of it.

The position with regards to filing of proof of right documents in a convention application is further explained in sub-part (ii) of column 12 of Form 1 and it provides that in case the applicant in India is different from the applicant in the convention country, then in addition to the proof of right documents established under sub-part (i), the Indian applicant would also be required to submit the declaration provided in sub-part (ii) of column 12. Such a declaration under sub-part (ii) can be signed by the applicant in the convention country, or a deed of assignment from the applicant in the convention country assigning the invention to the applicant in India can be provided.

The above means if a convention application is filed by the inventor(s) in the convention country and the corresponding Indian application is filed by the assignee, then the declaration signed by the inventor(s) in sub-

part (i) or deed of assignment by the inventors would suffice.

However, if the applicants in the convention application are two different assignees, then the assignee filing in India would be required to file the declarations under both sub-part (i) and sub-part (ii) of column 12 of Form 1, or the respective deeds of assignment.

With respect to convention applications in which the applicant in the convention country and India are the same, the position was clarified by the Intellectual Property Appellate Board (IPAB) in the **NTT Docomo case**.

The applicant argued that there was no requirement of filing the proof of right since the applicant in the priority application had already filed the proof and the applicant in the Indian application was the same as in the priority application. The IPAB in that case clarified and directed that the applicant of the Indian application is still required to file proof of right documents under section 7(2) irrespective of the fact whether such proof was established in the priority application.

What if inventor(s) are not in contact of Applicant or have expired?

When the inventor(s) are in the control of the applicant, such as if the inventor(s) are employees or co-workers, obtaining this proof of right is not a difficult task. However, difficulties arise when the inventor(s) have left the organization of the applicant or have expired. In such cases, how should the applicant provide a proof of right. In the case of inventor(s) who are ex-employees, filing of the certified copy of the employment contract may usually be sufficient provided that the contract states in clear terms that any invention made by the employee during the period of the contract is the property of the employer. This employment contract can be supported by any other recordal of right such as under the PCT or in the application filed in the priority country. In the case of a deceased inventor, it would be acceptable if the form is signed by the legal heir of the inventor. In the event that the contract of employment is not clear as to the transfer of ownership of the invention, secondary evidence may be tendered within the prescribed period (6 months from the date of filing of the application) concerning the assignment of the right to apply for a patent. Often such an assignment of right is found in the assignment of the invention in the home country or application under the PCT.

Secondary Evidences can also include an affidavit from the officer of the applicant and from co-inventor(s), if there are any, along with letters written to the inventor asking him to sign the document. All this evidence can be then lodged at the Patent Office in an attempt to establish that the applicant is the true owner of the invention. As a final resort, the applicant may even file an action in the Court against the inventor asking him/her to acknowledge that the applicant is the owner.

What if there are multiple inventors and these inventors are located in different parts of the world?

The Indian Patent office also accepts individually signed documents from each of the inventors so that a single document does not need to travel throughout the world for including all the inventors' signature thereon.

Important - The important thing to remember is that the filing of all these documents and evidence must be done within the prescribed period, which is six months from the date of filing of the application in India. In the event that it is not done, the Controller has the power under **Section 15 to refuse the patent application on the grounds that applicant has not**

complied with the requirements of the Act (Under Section 7).

WIPO Digital Access Service (DAS) and its Application in Indian Context

By – Manish Kumar

Introduction

The WIPO Digital Access Service (DAS) is an electronic system allowing priority documents and similar other documents to be securely exchanged between participating intellectual property offices, without the need to obtain and send multiple certified paper copies of an application. Historically, the applicants were required to submit certified paper copies of documents from the office of first filing to other offices. DAS allows applicants to simply request the first office (known as the Depositing office) to make priority documents available to the system and then to request other offices (known as Accessing offices) to retrieve those documents via the service.

Procedure to be followed for Digital Access Service¹

1. Register a priority document with the DAS system.

This can happen in many ways depending on the procedures followed in the Office of First Filing (OFF). The applicant may submit the request when filing the original application, or he/she may file a separate request or an OFF might not require a request from the applicant to register a priority document with the DAS system.

On receipt of the request from the applicant, the OFF makes the documents available to the DAS system and notifies the applicant of a Unique “access code” that will be needed by the Office of Second Filing (OSF) to retrieve the document. However, if the OFF is not equipped to generate the access codes, the DAS system generates the code and notifies the applicant via email.

2. Retrieve a priority document from the DAS system.

The applicant along with the application, notifies the OSF of the priority office, priority application number, priority application filing date and access code to retrieve the copy of a priority application via DAS. Once the OSF requests retrieval of a copy of the priority document via DAS system, the system will deliver the document to the OSF.

Documents that can be made available via DAS

The service is intended for use for documents related to patents, utility models, industrial designs and trademarks. At present, the service is operational for exchange of documents related to patent, utility model and design priority. The scope of documents which can be made available through DAS also depends on the policy of the Office of First Filing. Some Offices will allow any patent application filed at their Office to be entered into the system; other Offices offer the service only for a limited range of applications, such as those which have been filed in electronic form. As of

¹ <https://www.wipo.int/das/en/description.html>

January 01, 2019, there are 20 DAS participating Offices in total².

Using DAS with the PCT Application³

One can use DAS to meet PCT priority document requirements, by requesting the International Bureau to retrieve an earlier national or regional application that has been filed with a participating Office. When preparing a PCT request form, check the applicable checkbox for the priority and share the access code with International Bureau (IB) to retrieve an earlier application from DAS. Further, if a PCT application has been filed without DAS indications, it is possible to provide them after filing. Such a request can be made via ePCT <https://pct.wipo.int> for the application for which the 16-month time limit under PCT Rule 17 has not expired, preferably by signing in with strong authentication and doing an online action “Obtain priority document from DAS”, or by uploading a “General Correspondence” document type.

When RO/IB is the Office of First Filing and the application is prepared using ePCT-Filing, the best practice is to check the box saying “The receiving Office is requested to make this international application available to the Priority Document Access Service (DAS)”. To make such a request after filing, select the action “Make international application available to DAS”. It is also possible to request RO/IB to register an

²

http://www.wipo.int/das/en/participating_offices.html.

³

https://www.wipo.int/export/sites/www/das/en/pdf/pct_and_das.pdf

application into DAS by means of a letter, preferably uploaded via e-PCT. Once the earlier application has been registered, RO/IB will send to the applicant/agent, a unique access code via form PCT/RO/132.

India as participating office in DAS⁴

Indian Patent Office commenced operations as a depositing and accessing office of the Digital Access Service with effect from January 31, 2018.

- IPO as a depositing office will deposit Certified copies of Patent and Industrial Design applications as priority documents, including PCT applications filed at the office on and after 31.01.2018, which the applicant specifically requests be made available to the service. Further, the request may be made by using intended Request Form, available from the office website or by sending a letter clearly stating the relevant application number and indicating that it should be made available to WIPO Digital Access Service.
- IPO as an accessing office, will recognize priority documents available to it through the DAS for the purposes of any application for which the time for furnishing the priority document has not expired. Further, to request the retrieval of document from DAS, the applicant should check the relevant box next to the priority claim on the application form or send a letter to the office.

⁴

https://www.wipo.int/das/en/participating_offices/details.jsp?id=10495

- In addition to the above, IPO in its draft amendment rules published on December 04, 2018, has removed the fee for preparation of certified copy of priority document and e-transmission through WIPO DAS.

Revocation of Patents - Patents Act 1970

By – Aayush Sharma

‘Revocation of Patent’ is cancellation of patent rendering a patentee devoid of rights given to him for his patent. Patents can be revoked by:

- Intellectual Property Appellate Board (IPAB) considering a petition applied by any interested person based on the grounds given under section 64(1); this decision can be challenged in High Court.
- High Court, where counterclaim for legality of the patent is questioned in the case of infringement,
- High Court, on appeal by the Central Government, being satisfied that the applicant is not complying with the needs of the Central Government to use the patented product or process under section 64(4),
- Controller, on the directions of Central Government, can revoke patents if it is related to atomic energy or against public interest as given under section 65 and 66, respectively,
- Controller, considering application filed by any interested person or

Central Government u/s 85, may revoke a patent after two years of the grant of the first compulsory license based on the non-fulfillment of the basic requirements like workability in the territory of India, satisfaction of public requirements and availability at affordable price.

Judgement in the case of *F. Hoffmann-LA Roche Ltd. and Ors. Vs. Cipla Ltd.*⁵ clarifies the fact that the mere grant of a patent does not guarantee its resistance to subsequent challenges, which can still be faced in the form of a counter claim in a suit or a petition applied on the grounds mentioned in Section 64. U/s 64(1) of the Patents Act 1970, a patent can be revoked by High Court or IPAB within one year of grant of the patent⁶, on a number of issues briefly stated as under:

- Subject does not constitute invention based on non-compliance of basic requirements of novelty, non-

⁵ F. Hoffmann-LA Roche Ltd. and Ors. vs. Cipla Ltd. (24.04.2009 - DELHC) : MANU/DE/0381/2009

⁶ www.iiprd.com/wp-content/uploads/2015/11/revocation.ppt

obviousness, usefulness and sufficient disclosure.

- Any of the claims is also claimed in the complete specifications of another patent with earlier priority date.
- Person is not entitled to be an applicant of the application under the provisions of the act.
- Patent was obtained wrongfully from petitioner or another concerned person.
- Subject covered in the application is publicly known or used or anticipated from any work published before the priority or filing date of the application.
- Subject matter is not patentable under the scope of the act.
- Claim(s) are non-descriptive or do not disclose the best method of performing the process.
- Scope of claim(s) not clearly defined.
- Secretly used in India before the priority date of the respective claim.
- Failure of disclosure of information as required under section 8.
- Non-compliance of the secrecy directions provided under section 35 and/or applying for grant outside

India without prior permission as directed under section 39.

- Non-disclosure or false intimation of geographical origin of the biological material used in the application.
- Knowledge involved in application is previously known to any local community in India or elsewhere.

Revocation, as the term is used in the Patents Act 1970, is mainly a post-grant operation. But apart from the reasons stated above and the provisions stated under section 65, 66 and 85, a patent is also said to be revoked under below stated conditions⁷:

- Cancellation of patent application and rights of a granted patent following a successful trial of pre-grant and post-grant opposition, respectively.
- If not contested for post-grant opposition within a period of two months from the date of receipt of notice given by the Controller.
- Patent shall also be revoked when the offer of surrender by applicant is accepted by the Controller.

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http://www.ipindia.nic.in/writereaddata/Portal/IPOGuidelinesManuals/1_28_1_manual-of-patent-office-practice_and-procedure.pdf

Although the grounds mentioned for revocation under section 64(1) are quite similar to the grounds on which pre or post-grant opposition is made (as mentioned under section 25(1) and 25(2), respectively), the same cannot be quoted for making a post grant opposition. This act of an opponent was also criticized and corrected by the opposition board in the hearing (2017) of a post-grant opposition filed by P. Sunil against G.R. Kaliaperumal having patent application number 224/CHE/2010. P. Sunil chose section 64 to be the ground for post-grant opposition, which although was not objected to by the patentee but corrected by the opposition board in the course of proceedings with the corresponding clauses of section 25(2).

Many a times such sections are used in disguise by the petitioners to revoke the patent especially to get monetary benefits or to end a linked contract. *Monsanto Technology LLC and Ors. vs. Nuziveedu Seeds Limited and Ors* is a case⁸ where petition under various subsections of section 64 was filed by Nuziveedu Seeds Limited against the Monsanto Technology LLC in

order to get away with the contractual license and in turn the high trait fee asked by the company. This petition was granted by the IPAB and the patent owned by Monsanto Technology LLC was revoked. But later when the decision was challenged in High Court, the decision was reversed stating that Nuziveedu Seeds Limited and Ors. did not seem to be interested in renewed arrangement with Monsanto Technology LLC and thus took the position that the grant of patent itself is bad in law and thus, asserting their right to continued use of the technology with liberty. It was ordered that the contract will be on toll as before between both the parties but with the revised rates of trait fee as decided by the Government of India.

⁸ Monsanto Technology LLC and Ors. vs. Nuziveedu Seeds Limited and Ors. (28.03.2017 - DELHC) : MANU/DE/0838/2017

Steps Trademark Owners Must Take to Avoid Litigations in Future

By -Samridh Ahuja

An owner/proprietor of a trademark can do much at preliminary stages itself in order to avoid any future litigation scenario. The following steps can help safeguard the trademark:

STEP 1: Do your Research!

Before choosing a trademark, one must first check whether the mark already exists in the public domain or not. An official trademark search must be conducted on the "ipindiaonline.gov.in" website. Putting down the class description and the subject mark in the given space, one can get to know any preliminary objections on the basis of visual and even phonetic similarities. This information can help streamline your decision on whether to use a particular mark or not.

Grey Area

There could be a situation where the website does not display any similar marks, but there still exists a trademark that is being used by a proprietor/third party who did not get the mark registered. This is the grey area, and needs some additional research. In many instances, this could not have been foreseen.

STEP 2: Avoid the use of Descriptive/Common words as Marks

This is a well-known practice in Trademark law - Don't use descriptive words/ common words as Trademarks. When one is well aware that the word "BAG" is a very common word in the public domain, then using it as a trademark is an act of 'self-sabotage' and must not be adopted. "BAG" is an example of descriptive mark as it describes the goods produced under a particular trademark.

EXCEPTION: This is not true in scenarios where the mark has acquired distinctiveness. "Apple" for example is a descriptive word but since it is being used in relation to electronic devices and due to its immense goodwill/reputation around the world, it has acquired distinctiveness.

Further, as a matter of practice in Indian legal fraternity, a trademark owner has the choice of using "**CONDITIONS AND LIMITATIONS**" on the use of a particular trademark at the time of filing an application in support of the registration of a trademark. Such a practice is common in the United States of America as well, where they use "**DISCLAIMERS**" to waive off any rights in relation to the descriptive part of the mark.

In India, this technique can help minimize any frivolous future litigation.

Example: An extract from one of the trademarks registered in the Indian Trademark Journal:

*"REGISTRATION OF THIS TRADE MARK
SHALL GIVE NO RIGHT TO THE*

EXCLUSIVE USE OF THE WORD PRIME EXCEPT AS DEPICTED”.

Step 3: Follow up and the Renewal of the Trademark

A trademark owner, through its Attorney, must conduct a thorough follow up routine during the pre-registration stage and hence checking the status page on the Trademark Registry website on a constant basis is an ideal step forward. There could be situations where an ‘**Objection**’ could be raised in the Examination Report by the Registrar, and accordingly a reply needs to be filed in response to the same; or there could be a situation where the mark gets published in the Official Trademark Journal and is later ‘**Opposed**’ by a third party, and hence a counterstatement needs to be filed in response to the Notice of Opposition. A routine follow-up would help the trademark owner meet deadlines and may eventually help in the registration of the trademark.

And the efforts must not stop at registration. Even once the trademark gets registered, the protection is not granted for an infinite period of time. The Indian Trademark Registry grants protection to a particular trademark for a period of up to **10 years**. Trademark owner must therefore be aware of the deadlines and must file timely renewal applications. The trademark must be renewed well in time so as to avoid any abandonment claims.

Under the New Trademark Rules, 2017, a trademark owner can file an application for

the renewal of the trademark as early as **one year before the expiration date**.

CONCLUSION

The importance of Intellectual Property Rights, especially trademarks have blossomed over the past few years in India. Hence, for trademark owners, awareness in this field is of utmost priority. The steps as listed above describe in simple words, the basics of filing a trademark in India, of which trademark applicants and owners should be aware for a smooth trademark filing process.