



## IP NEWSLETTER

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### **Copyright Misuse Is Not a Defense to Copyright Infringement in India**

In *Tekla Corporation v. Survo Ghosh*, [CS(OS) 2414/2011] the Delhi High Court decided upon the question whether a defence of “copyright misuse” is available to the Defendants in a suit of copyright infringement.

In this case, the Plaintiffs had copyright in software programme known as Tekla Structures and the Defendants, instead of obtaining license thereof from the Plaintiffs, had unauthorizedly installed the same.

The Defendants argued that the terms of use of Tekla Software of the Plaintiffs and their conduct during the course of the license term completely tantamounts to misuse of their monopoly provided by their copyright. The Plaintiffs had been using their copyright to charge an unreasonable fee (apart from their due license fee) in the garb of providing training and maintenance services and had been forcing their licensees to accept unreasonable conditions. The Defendants submitted that the Plaintiffs are involved in malpractices and restrictive conduct constituting “copyright misuse” and are accordingly precluded from claiming a relief based on that infringement. The copyright misuse doctrine bars the culpable Plaintiffs from prevailing on an action for the infringement of misused copyright.

The Defendants submitted that though there is no provision, neither in the Indian Statute nor in any of the foreign statutes, but the said defense, being an equitable defense, has been entertained.

The Court, however, held that under Indian law, the defence of “misuse of copyright” by the holder thereof is not available, neither to an action for infringement of copyright nor to an action for damages for infringement of copyright for the following reasons:

1. Section 14 of the Copyright Act, 1957 (hereinafter “Act”), while defining the exclusive rights of a copyright owner does not place any restriction/condition on the owner.
2. Section 51 of the Act, while describing what constitutes infringement of copyright, does not carve out any exception in the event of misuse by the owner of the copyright.
3. Section 52 of the Act, while describing in detail, the acts which shall not constitute infringement, does not provide that misuse of copyright by the owner thereof would not constitute infringement, even if within the meaning of Section 52.
4. Section 52(1) of the Act, describes in detail the acts which shall not constitute an infringement of copyright. Section 52 is exhaustive and inflexible and does not permit to hold that an action of the Defendant, though falling in confines of Section 51 as infringement and not saved by Section 52, can still be held to be not amounting to infringement. Allowing a defence of copyright misuse would tantamount to the Court adding to the Clauses of Section 52 and constituting an act, otherwise of infringement of copyright as not infringement of copyright for the reason of the holder of copyright being in misuse thereof.

**Use of a Well-Known Trademark In a Company Name is Infringement Under Section 29(4) of The Trade Marks Act, 1999**

In India, company name registration is done by the Registrar of Companies under the Companies Act, 1956. For incorporation of a company, the promoter of the company is required to submit a list of three proposed names (in order of preference) to the Registrar of Companies, who then conducts a search in the official database of the Department of Company Affairs to check if the proposed company names are confusingly similar to any already existing company names. The Registrar of Companies, however, does not conduct a search in the database of the Trademarks Office to check if the proposed company name(s) feature any trademark registered in favor of a third party. As a result of this, there is proliferation of company names featuring third party trademarks.

Section 29(5) of the Trade Marks, 1999 ('Act') provides that:

*"A registered trademark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name of his business concern dealing in goods or services in respect of which the trade mark is registered."*

Section 29(5) of the Act, however, does not cover the situation where the infringing company name is featuring a third party trademark but is dealing in respect of different goods/services. Section 29(4) of the Act provides that:

*"A registered trademark is infringed by a person who not being a registered Proprietor*

*or a person using by way of permitted use, uses in the course of trade, a mark which-*

- (a) is identical with or similar to the registered trade mark and*
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and*
- (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark."*

The Bombay High Court in the case of *Raymond Limited v. Raymond Pharmaceuticals Private Limited*, 2010 (44) PTC 25 (Bom), held that

*"Use of a registered trade-mark as a part of trade name was a known phenomena. Passing off action was initiated in such cases. A special provision has now been made to deal with that situation by incorporating sub-section 5 of Section 29 and therefore, so far as subject of using of registered trade mark as a trade-name is concerned, provision is contained in sub-section 5 of Section 29 and therefore on that subject no other provision would apply. ... Construed in accordance with the fundamental principle, a special provision governing cases of a defendant using a registered mark as a part of his trade-name is incorporated in Section 29(5) and therefore, that subject will be governed only by that provision and therefore reliance on any other provision including Section 29(4) is ruled out. Thus, we have no doubt in our mind that the Plaintiffs could not have relied on the provisions of Section 29(4) of the Trade Marks Act."*

The Bombay High Court therefore held that Section 29(4) does not provide any protection

to well-known marks when used as a part of company name by a third party, and accordingly refused to grant an injunction in favor of the Plaintiff. The aforesaid decision of the Bombay High Court was appealed to the Supreme Court where the Supreme Court remanded the matter back to the Bombay High Court.

The Delhi High Court, recently in the case of *Bloomberg Finance LP v. Prafull Saklecha & Ors.*, 2013 (56) PTC 243 (Del) was faced with a similar question viz. whether the adoption of 'BLOOMBERG' as the prominent part of the corporate names of the Defendants, constitutes infringement or passing off of the Plaintiff's registered trade mark 'BLOOMBERG'. In this case also, the parties were dealing in different goods viz. the Plaintiff was into the business of television broadcast, financial news/data and the Defendants were in the business of real estate and construction.

The Defendants argued that since the business of the parties are different; the instant case is not covered under Section 29(4) of the Act, and hence, does not warrant an injunction.

The Court held that that:

*“The question is whether in such a situation the owner or proprietor of the registered trade mark is precluded from seeking a remedy under Section 29 (4) of TM Act, 1999 if the conditions attached to Section 29 (4) are fulfilled.*

*43. In the considered view of this Court ... Section 29 (5) cannot be intended to be exhaustive of all situations of uses of the registered mark as part of the corporate name. Section 29 (5) cannot be said to render Section 29 (4) of the TM Act, 1999 otiose. In other words, the legislature may not be said to*

*have intended not to provide a remedy where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services other than those for which the mark is registered.”*

The Delhi High Court, while coming to this conclusion also distinguished the judgment passed in *Raymond Limited v. Raymond Pharmaceuticals Private Limited*, 2010 (44) PTC 25 (Bom) and held that the Bombay High Court had no occasion to consider the points of distinction between Sections 29(1) to (4) and Section 29(5). The distinctions between the two Sub-sections make it clear that the purpose of Section 29(5) of the Act was to offer a better protection and not to shut the door of Section 29(4) to a registered proprietor who is able to show that the registered mark, enjoying a reputation in India, has been used by the infringer as part of its corporate name but its business is in goods and services other than that for which the mark has been registered.

Where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services other than those for which the mark is registered, the owner or proprietor of the registered trade mark is not precluded from seeking a remedy under Section 29(4) of the Act if the conditions attached to Section 29(4) are fulfilled.

A passing off action is also maintainable in the case of a well known mark even if the goods and services being dealt with by the parties are not similar.

The Court held the instant case to be covered under Section 29(4) of the Act and restrained the Defendants from using the mark BLOOMBERG in their corporate names.

## **Increase in Official Fee for Patents in India**

The Government of India, Ministry of Commerce and Industry (Department of Industrial Policy and Promotion) has published the Patent (Amendment) Rules, 2014 (hereinafter “Amendment Rules”). The Amendment Rules has introduced a third category of applicant for patents viz. “small entity”. A small entity has been defined as an enterprise engaged in “manufacture or production of goods’ or “providing of rendering of services” with the following limitation of investment:

- (a) Enterprise engaged in “manufacture or production of goods” with an investment in plants and machinery not exceeding INR 10 Crores (Approx. US\$ 1,666,667)
- (b) Enterprise engaged in “providing or rendering of services” with an investment in equipment not exceeding INR 5 Crores (Approx. US\$ 833,334)

The revised fee structure (for electronic filing) is as follows:

For Natural Person – INR 1600 (Approx. US\$ 27)

For Small Entity – INR 4000 (Approx. US\$ 67)

For Large Entity – INR 8000 (Approx. US\$ 134)

The Amendment Rules also provides for an additional 10% fee for making physical filing with the Patents Office.

## **India Ratifies Marrakesh Treaty, 2013**

India has ratified the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled, 2013 (hereinafter “Treaty”) and became the first country to ratify the Treaty. The Treaty aims to increase the access that differently abled people have to copyright protected material. It requires the Contracting Parties to introduce a standard set of limitations and exceptions to copyright rules in order to permit reproduction, distribution and making available of published works in formats designed to be accessible to VIPs and to permit exchange of these works across borders by organizations that serve those beneficiaries. The Treaty was signed by India in April, 2014 and ratified in June, 2014.

India had already passed Copyright Amendment Bill, 2012 to introduce new Section 52(1)(zb) which creates a new copyright exception for the benefit of persons with print disabilities, including persons with visual impairment and dyslexia. The Copyright Amendment Bill, 2012 does away with the necessity to seek the consent of the publishers for converting their books into accessible formats.

The Treaty has received 79 signatures in the twelve month period that the Treaty was open for signatures.

As per Article 18 of the Treaty, the Treaty shall enter into force 3 months after 20 countries have ratified the Treaty.

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