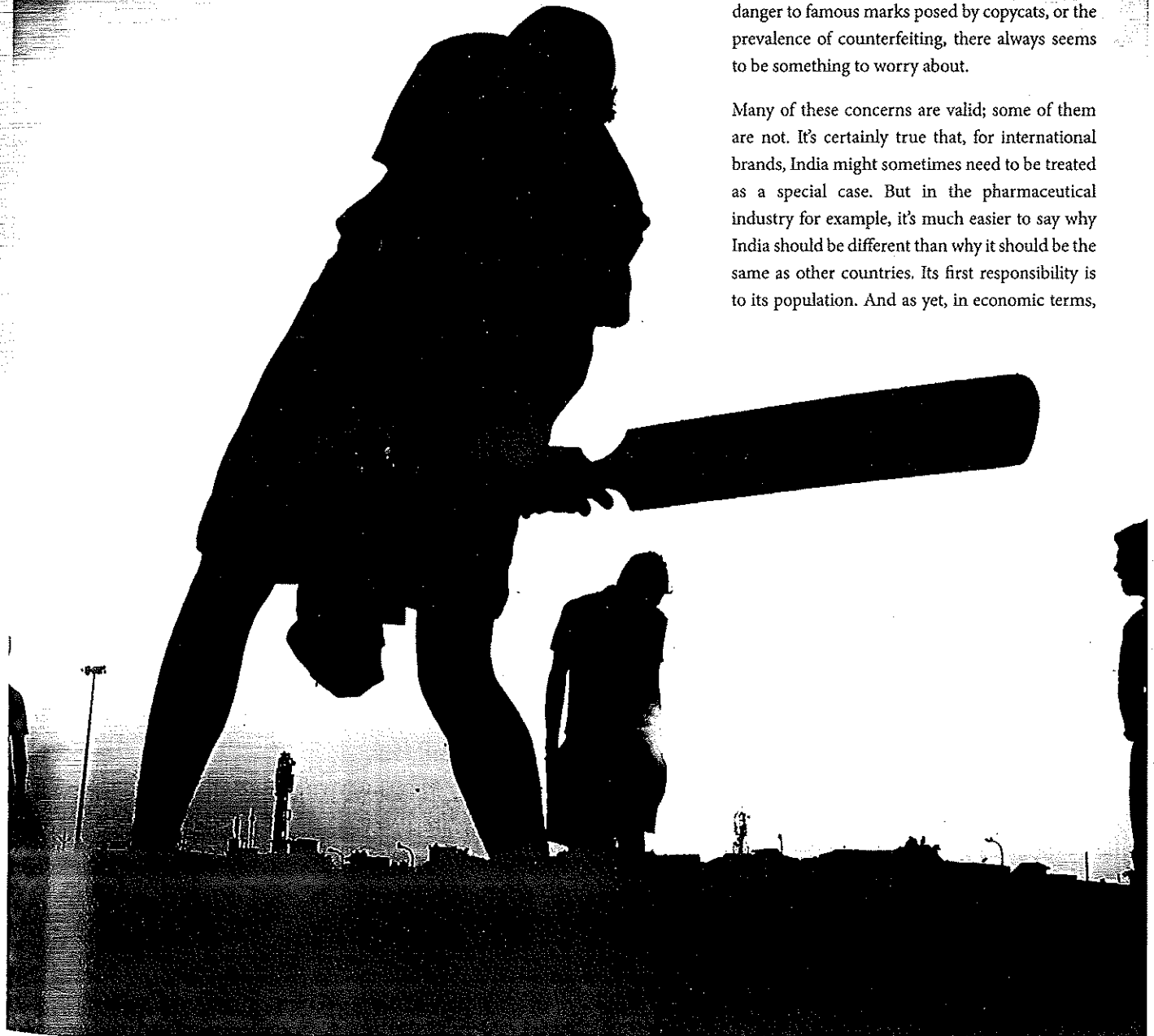


EVERYTHING TO PLAY FOR: WIPR'S INDIA FOCUS

Intellectual property in India can be a fraught business, but as *WIPR* finds out, progress is being made.

The news is not good. Too often, intellectual property stories coming out of India are given a negative spin in Western media. Whether it's the apparent proclivity of the Indian Patent Office and the country's courts to rule against Western pharmaceutical companies, or the danger to famous marks posed by copycats, or the prevalence of counterfeiting, there always seems to be something to worry about.

Many of these concerns are valid; some of them are not. It's certainly true that, for international brands, India might sometimes need to be treated as a special case. But in the pharmaceutical industry for example, it's much easier to say why India should be different than why it should be the same as other countries. Its first responsibility is to its population. And as yet, in economic terms,



the population of India looks nothing like the population of Europe or the population of the US.

The Western companies that become successful in the country will be the ones that adapt. The same holds true to a greater or lesser extent for any industry. Of course, none of that can help if a court or the patent office gets something fundamentally wrong, or if policy stands against successful IP protection, but in some cases at least, the failure of Western companies in this setting has been a failure of understanding.

In *WIPR's* India focus, authors attempt to bring clarity to some of the key issues. Neeraj Grover of Kochhar & Co writes a particularly illuminating article on internationally famous marks. Although case law in India goes back 25 years on the issue, it is only relatively recently that international businesses have been able to protect their marks even when they have not used them in India itself. Recent cases give remarkable scope to international brands, and should give them confidence that India need not be seen as a threat, but as an opportunity.

With a booming technology industry and a large web-savvy population, India might seem like the obvious place to embrace ICANN's new generic



top-level domains (gTLD) programme. But as is the case in several other countries, some of the proposed new gTLDs have sparked concerns over cultural and religious sensibilities. Will .ram fall foul of Indian objections?

India's semiconductor industry has been growing at an extraordinary rate in recent years, and is expected to be worth \$9.6 billion this year. However, as an industry that has suffered its

fair share of patent battles worldwide, there are reasons why companies need to be particularly switched on. In India, however, there are a couple of different routes to protect your product. Of course, there's the normal patent law, but this has limitations when it comes to semiconductors because India's patent law seems unlikely to allow companies to cover topographies of integrated circuits.

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However, the Semiconductor Integrated Circuits Layout-Design (SICLD) Act, 2000 can provide a handy alternative, which, while not quite offering the same scope of protection as a patent right, can nonetheless provide companies with 10 years' protection for their layout designs and integrated circuit topographies.

As India continues to develop economically, its influence on the world stage will only

continue to grow. And despite the positive things coming out of the country, there are still clear improvements to be made in the IP sphere. In December 2012, the Global Intellectual Property Center (GIPC), part of the US Chamber of Commerce, published a report, *Measuring Momentum*, which assessed the status of IP protection across the globe.

For those interested in India, it makes grim reading and provides a neat counterpoint to the arguments that the onus should be on businesses to adapt to the situation as they find it on the ground in all circumstances. The key concerns identified were as follows:

- Regulatory data protection not available.
- Patent term extension not available.
- Use of compulsory licensing for commercial and non-emergency situations.
- Limited takedown mechanism in new Internet service provider notification system.
- Limited digital rights management legislation.
- High levels of software piracy, music piracy, and counterfeit goods.

- Poor application and enforcement of civil remedies and criminal penalties.
- No civil statutory damages available for copyright infringement.
- Not a contracting party to any of the major international IP treaties referenced in the GIPC Index.

In fact, of all the countries assessed by the GIPC, India came last in terms of IP protection, behind China, Brazil and Russia, the three other members of the so-called BRIC group of developing economies. The US, perhaps unsurprisingly, came top of the list of 11 countries, followed closely by the UK and Australia. That said, according to the report, India was the sole 'lower middle income country' assessed. All the others were classed as middle income or higher.

The report raises three major questions. Does India have the capability to match international standards in IP protection? Does it have the political will to implement the reforms necessary to do so? And should it make those changes?

Businesses looking to operate in the country will be hoping the answer to all three questions is 'yes'. ■

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ONE MARK, ONE SOURCE: TRADEMARKS IN INDIA

When it comes to protecting internationally famous marks, India has come a long way, as Neeraj Grover explains.

The principle of 'one mark, one source, and one proprietor' has caught the fancy of the Indian courts over past few years and, more often than not, many foreign brands are protected on Indian soil without having an actual physical presence in India against the defence of 'prior use in India' by certain entities in passing off actions. The Indian courts have recognised that it is very easy for Indian entities to run faster than the first owners of trademarks in commencing use of the trademark in India and then to claim the defence of prior use in India.

These attempts are now being thwarted without any favouritism towards Indian entities. After the opening up of the economy and markets in India, the legal principle of transborder reputation has been developing and has now reached a decent stage wherein the thresholds for the owner of trademark to seek protection despite not having a presence in India have been considerably lowered in recent years. This is a welcome step.

The principle

One of the first Indian judgments to recognise the principle of transborder reputation was delivered almost 25 years ago when a division bench of the Bombay High Court held in *Kamal Trading Co v Gillette UK Ltd* that goodwill and reputation could not be limited to one particular country and that they do not depend only upon the availability of goods in a particular country. With this judgment the seed of the principle of transborder reputation being recognised in India was sown, which grew into a plant and has developed slowly to become a strong tree.

The principle of transborder reputation again found support in the early 1990s when the Delhi High Court in the matter of *Apple Computers Inc v Apple Leasing and Industries* echoed the same sentiment after discussing the law prevalent in various foreign jurisdictions.

The principle attained new heights by virtue of judgment(s) rendered by the Delhi High Court and the Supreme Court of India in 1996 in *N R Dongre & Ors v Whirlpool Corporation*, wherein a large Indian corporation was restrained from using the trademark 'Whirlpool' despite being the registered proprietor of it on the Indian trademark register and despite Whirlpool Corporation's having never sold its goods on a commercial scale in India. The supply of goods in Indian embassies was held sufficient to satisfy the requirement of reputation and use in India. Further, advertisement in foreign magazines with circulation in India was held to be sufficient to acquire reputation.

Then, in 1999, a division bench of the Madras High Court followed suit while passing a

"THE COURT BEAUTIFULLY USED THE PHRASE 'FIRST PAST THE POST' TO CONCLUDE THAT PRIOR USE IN INTERNATIONAL MARKETS WOULD BE SUPERIOR TO FIRST USE IN INDIA."

significant judgment in *Caesar Park Hotels and Resorts Inc v Westinn Hospitality Services Ltd* wherein the reputation was held to have reached India through thousands of travellers who returned to India after business visits to countries where the plaintiff operated its hotels. Falling in the same line, in the year 2001, the Delhi High Court protected the famous trademark 'Rainforest Café' against the use of the same mark by an Indian entity by restraining such use despite the plaintiff's having not yet operated any restaurant in the Indian territory.

The journey of the principle of transborder reputation reached its next big milestone in the year 2004 when the Supreme Court of India in *Milment Oftho v Allergan Inc* held that the ultimate test to decide priority in adoption should be to see who is first in the world market: non-use in Indian markets was irrelevant.

This principle was carried forward by the Delhi High Court in 2006 while delivering the judgment in *Austin Nichols & Co & Anr v Arvind Behl & Anr* wherein it was authoritatively held that in view of huge advances made in information and technology over the years, it would be too late for the defendant to urge that regular sales of goods in foreign countries would be unknown to persons living in India. The court beautifully used the phrase 'first past the post' to conclude that prior use in international markets would be superior to first use in India.

The law has been constantly catching up with the principles of transborder reputation, and in 2012 in a matter titled *Icraive, LLC v Icraive Designs Pvt Ltd* argued by the author of the present article, the Delhi High Court restrained the use of the corporate name Icraive by an Indian entity upon an action initiated by the US-based Design Studio engaged in the area of interior and architectural design, despite the US entity's not having undertaken any project in India.

One of the major factors relied upon by the plaintiff to claim transborder reputation in India was one of its prime lounges developed at JF Kennedy Airport in New York and the fact that millions of travellers including Indian citizens visit and appreciate the interior of the lounge. The court also disbelieved an attempt by the defendant to claim ignorance about the plaintiff and presumed such knowledge to conclude the dishonesty of the defendant.

The way forward

In view of the continued development of the law on transborder reputation in India, it should be very comforting for the international business community to know that their prior adopted marks are more likely to be protected against unlawful prior use in Indian markets by people who anticipated the launch of these foreign businesses in India. Indian courts have over the years caught up with robust principles of trademark law to protect the genuine owners and avoid any harassment by unscrupulous entities aiming to pass off their goods and businesses as those of the original owners. ■

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